STUDY REPORT

Review of the Scheme for Integrated Textile Parks (SITP) with a View to Gauge the Impact on Production, Employment and Success in Intended Objective of Clusterisation

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Contents

Executive Summary

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide the industry with state of the art world-class infrastructure facilities for setting up their textile units. It was approved in the 10th Five Year Plan (July 2005) by merging the erstwhile Apparel Parks for Exports Scheme (APES) and Textile Centre Infrastructure Development Scheme (TCIDS). Major objectives of the SITP are:

- To provide the industry with world-class state of the art infrastructure facilities for setting up their textile units.
- To facilitate textile units to meet international environmental and social standards.

Till date, 74 parks have been sanctioned under the SITP. This study report aims at reviewing the success of the scheme in terms of increased production, employment generation and clusterization.

Industry Clusters: A Global Perspective

Textile industry was the key sector that led to the Industrial Revolution in late 18th century that spread across the globe. One of the key driving factors for industrial transformation was the promotion of industrial clusters, geographical agglomerations of firms and hubs of production, which was seen as a viable solution for economic growth and competitiveness. An analysis of various textile and general manufacturing clusters in countries like China, Italy, Turkey, UAE etc. reveals that successful clusters share following common attributes:

1. Large scale of operations
2. Presence of integrated value chain and support services
3. Well-developed common infrastructure
4. Ease of doing business
5. Special fiscal incentives

Current Status of Textile Parks

There are 74 parks sanctioned till date out of which 36 parks were sanctioned during X and XI five-year plan, 14 parks in 2012, 13 parks were sanctioned in 2014, 09 parks were sanctioned in 2015 and 2 parks were recently sanctioned in 2016. Out of these 30 parks are functional, while 8 have applied for cancellation and others are at various stages of implementation. The functional parks are involved in production of spun yarn, fabric weaving and knitting, fabric processing, garmenting, made-up manufacturing, and technical textiles.

There were 11 parks which got cancelled earlier, mainly due to land related issues such delay in conversion, clearances, disputed lands and even non-availability. The other reasons that led to park cancellation were delays in sanctioning and differences between SPV members.

State wise analysis shows that Maharashtra has the highest number of sanctioned parks (16 parks), while Gujarat with 14 and Tamil Nadu with 9 parks stand at second and third place, respectively.

In terms of fund utilization, 19 parks have taken the entire Government grant, 12 parks are yet to take the first instalment while the remaining 41 parks are on various stages of implementation.

27 parks have an area less than 50 acres while 23 have area between 50-70 acres. Brandix India Apparel City, Vizag is the largest park occupying an area of 1,000 acres while the smallest park is EIGMEF Apparel Park Ltd., West Bengal with an area of 12.88 acres. The average size of recently approved parks is found to be smaller than those approved earlier. In terms of occupancy rate, 10 parks out of 30 functional have achieved full occupancy but only 4 out of these fully functional.

Benchmarking of Indian textile parks vis-à-vis international parks reveals that the

- Internationally, the parks are not less than 100 acres while in India several approved parks are smaller than 25 acres.
- In India there are only few park which are fully integrated while most of the others have one or two steps of value chain only. While internationally most of the parks and zones have presence of entire value chain and support services around a single product category say socks, sweaters, etc.
- Park development in India is supported in PPP mode while globally, in addition to PPP mode, the Government itself also develops common infrastructure and then invites industry to invest in them.
- Marketing is the key thrust area for textile parks overseas but there is no marketing support provided in SITP.

Impact of SITP

Manufacturing output estimate of 30 functional parks for key products is given below:

Product	Output from Parks	Total Production 2015-2016	% Share
Yarn (tons/annum)	**14,000**	**6,829,000**	**0.2%**
Woven Fabric (Mn. Sq. m/annum)	**825**	**47,858**	**1.7%**
Knitted Fabric (mn sq. mtr/annum)	**155**	**17,647**	**0.9%**
Garment (Mn. Pcs/annum)	**140**	**21,667**	**0.6%**

The intended objective of SITP to foster the development of supply chain linkages and reduction in the cost of production by leveraging backward and forward integration in the value chain is yet to be realized as most of the operational parks are partially functional. The other reasons are lack of coordination among the units in the park, inability to attract the right investors, failure to achieve economies of scale and lack of collective approach in raw material sourcing and marketing.

The cost of manufacturing inside the park is found to be only marginally higher than an industrial zone in vicinity due to higher cost of land and maintenance inside the park.

The current employment level in 30 functional parks is around 68,000 people which is 57% of their planned employment based on the occupancy rate. There largest park in terms of proposed employment viz. Brandix India Apparel City (60,000 persons) is presently employing 17,500 persons.

Most of the textile parks have done appreciably well to ensure environmental compliance mainly because of adherence to stringent Scheme norms. Parks have also contributed significantly in improving the working conditions of the workers. Facilities like canteen, crèche, healthcare centre, and banking services within the park have been created for worker welfare. In case of wages although there is no significant improvement compared to nearby regions, but the parks have provided a better and compliant working environment for the workers.

In terms of output generation, textile parks contribute a share of 1.2% in domestic market and 2.0% in the export market with a domestic revenue of US$ 0.88 bn. and an exports revenue of US$ 0.85 bn., respectively.

The key parameters of investment, revenue and employment generated in the functional parks so far is analysed below:

Parameter	**Value**	**Remarks**
Grant released	Rs. 961 crores	
Investment achieved	Rs. 7,628 crores	One crore of grant under SITP has resulted in investment of Rs. 7.9 crores
Exports Turnover	Rs. 5,557 crores	SITPs have a share of 2.0% in India's total T&A exports of US$ 42 bn. (2014-15)
Domestic Turnover	Rs. 5,739 crores	SITPs have a share of 1.2% in India's domestic T&A market of US$ 76 bn.
Total Turnover	Rs. 11,496 crores	One crore of grant under SITP has resulted in sector output equivalent to of Rs. 12 crores per annum, and Turnover to investment ratio in the parks is 1.5:1
Employment	67,877	One crore of grant under SITP has resulted in generation of 71 jobs in the sector.

Assessment of Success of SITP in Fulfilling its Objectives

The scheme has so far achieved limited clusterization. Although 87% of the total functional parks have attracted investments from multiple number of investors but in terms of the number of units planned, more than 70% of parks have planned less than 50 units in their premises.

Due to lower occupancy rates, parks have not yet attained their planned investment levels. The current investment in 30 functional parks is around Rs. 7,628 crores against their planned investment of Rs. 16,628 crores.

As most of the parks are of the size from 25 to 75 acres hence the Scheme has had limited impact in bringing scale to the textile industry.

11 out of 30 functional parks have so far trained around 41,000 workers who are placed inside the parks as well as in outside factories. In remaining parks, many individual units within the park have reported undertaking worker training programmes at their unit level.

Several parks are established in areas where there was no presence of industries earlier. In such cases, textile parks have successfully provided critical infrastructure required for the textile industry inside the park. As the SITP scheme focuses on supporting manufacturing infrastructure development inside the park, hence any critical infrastructure gaps outside (such as basic road and rail connectivity) remain unaddressed.

Many State Governments have extended their additional support to Parks e.g. additional grant of up to Rs. 9 crores, stamp duty exemption, power subsidy etc. Nonetheless, majority of parks have faced significant delays in getting approvals such as environmental clearances, land conversion certificates, etc. from State Governments.

Several parks that have been successfully implemented and are operational are mainly because of their strategic location, common ETP, theme based or are running on anchor promoter model. While the parks that have been unsuccessful are because of land related issues, change of nature of activities or lack of investments by promoters.

Key Issues and Their Reasons

- Related to unsatisfactory fund utilization: Delay in statutory approvals and clearances, lack of funds with SPV, delay in getting approval for DPR modifications, and wrong selection of land by SPV.
- Related to sub-optimal investment level: High rentals in some parks, changes in other Government schemes or regulations, lack of marketing efforts, no special benefits available for investors in parks, poor accessibility and challenges for units in SEZ Parks.

Recommendations

1. Participation of State Government should be enhanced by
    a. Sensitizing State Govt. for supporting parks approved by means of consultation platforms and prioritizing parks in states which are ready to extend special support.
    b. Coordination to get an in-principle project approval from State Govt. through State level Project Approval Committee
    c. Inclusion of State Govt. nominee in SITP Project Scrutiny Committee and in Board of Directors of the Park
2. Scheme should be amended to improve the ease of doing business and improve investment attractiveness by
    a. Reducing the minimum number of promoters required to 5
    b. Removing the requirement to submit bank appraisal report along with the proposal
    c. Modifying Technical Evaluation Criteria to:
        i. Remove weightage for State IDC involvement;

ii. Remove prioritization of parks in states with lack of textile ecosystem
iii. Provide weightage to parks a) with Anchor Tenant / Lead investor, b) with higher employment and c) established in states with special policy support for textile industry.

d. Providing flexibility to SPVs to amend DPR without decrease in total investment and employment planned initially
e. Linking last payment additionally with employment generation
f. Specifying the designation of Central Govt. nominee to be included in Board of Directors
g. Keeping 40 acres as minimum eligible size
h. Removing the statement in Scheme indicating number of units normally in a park
i. Adopting anchor tenant model
j. Taking step to increase occupancy level in the park by increasing the grant amount, providing additional financial support to the park units (such as tax holidays / reduction, soft loans, higher benefit under TUFS, etc.), providing soft loans, investment promotion support to the parks, increasing the level of occupancy for last instalment and providing additional incentive for higher occupancy.
k. Addressing high rental issues by increasing occupancy, opening new avenues for earnings, service tax exemption and better monitoring of the parks

3. Park monitoring mechanism should be strengthened by:
   a. Engagement of a Project Monitoring Unit (PMU)
   b. Organizing review meetings every 6 months
   c. Enhancing MoT resources to monitor SITP
   d. Creating web based monitoring system
4. A new scheme for Mega Textile Parks should be launched with following features:
   a. Minimum land size: 1,000 acres
   b. Implementing agencies – Entrepreneurs led SPV, industry associations or state government either through their institutions or in PPP mode
   c. Support infrastructure -
      1. Readymade factory sheds / flatted factories
      2. Warehouse
      3. Dormitory
      4. Express connectivity to seaports and airports
      5. Incubation centres
      6. Express feeder
      7. Green energy solutions
      8. Logistics hub
      9. Bonded warehouse/dry ports
      10. Convention centres
      11. Workforce training centres
      12. Testing lab
      13. Centre of excellence
      14. Fashion and education institute
      15. Vocational training institutes
      16. Hospitality
      17. Office complex
      18. Social and medical infrastructure

   d. Preferable Location: Industrial Corridors and/or areas with proximity to seaports

    e. Financial support: Linked with extent of area developed without any ceiling on financial assistance
    f. Payment mode: Reimbursement of cost equivalent to the Government contribution incurred in a prescribed time schedule
5. Facilities that should be included under common infrastructure facilities or may be excluded.
    a. Testing lab is not required as majority of the buyers have made it mandatory to get certifications from an external accredited lab. It is mandatory for the manufacturers to follow the same and get their products certified through testing labs that are outside the park.
    b. Design centre: Manufacturers do not wish to design their products in a common centre; they are unwilling to produce their designs under a common roof. Hence it be removed from the common infrastructure facilities.
    c. Crèche: Crèche, being a common infrastructure facility is located in a particular area of the textile park. This makes it difficult for the workers whose units are not located in close proximity to the crèche as they have to visit the crèche twice or thrice in a day. Hence, it could be removed as a common infrastructure facility.
6. Marketing Strategy for educating investors to enhance occupancy rate of textile parks:
    a. Monitoring the marketing strategy of parks developed by SPV
    b. Conducting roadshows
    c. Micro website under Make in India, DIPP and similar websites

1 Project Background

Wazir Advisors was engaged by Economic Division, Ministry of Textiles, Government of India to conduct the study "Review of the Scheme on Integrated Textile Parks (SITP) with a view to gauge the impact on production, employment and success in intended objective of clusterization" vide work order No. 4/6/2015-ED.

1.1 Terms of Reference

The terms of reference of the study as mentioned in the said work order were:

a. To study whether scheme succeeded in intended clusterization.
b. To study all relevant aspects of the SITP and to go into reasons why fund utilization under the scheme has not been satisfactory.
c. To study whether the scheme has helped in increase in production in different segments in the value chain. The segment most benefitted from this initiative.
d. To study impact of the scheme in reducing delay in the supply chain from procurement of raw materials to export of finished goods and consequent impact on reducing overall cost of production
e. To study the extent, the scheme succeeded in mobilizing fresh investments in textile sector.
f. To study the contribution of the scheme in introducing advance technology in textile & garment manufacturing sector.
g. To study the impact of the scheme on quality management and environmental compliance.
h. To study impact of the scheme on employment generation
i. To study the impact of the scheme in improving working conditions and wages to the workers.
j. To study skill development initiative for the workers in the park
k. To study whether the park has helped bringing scale in the textile manufacturing.
l. To study the market share of parks in domestic and international market.
m. To study how far the parks succeeded in meeting critical infrastructure gap in the textile industry.
n. To study critical gaps in scheme design and its impact on sustainability of the project.
o. To study 'Mega Textile Parks' with particular focus on condition for their success and explore scope in India for policy interventions by Ministry of Textiles for promoting Mega Textile Parks in India.

After the induction meeting held on 15th December 2015 and subsequent submission of inception report on 31st December 2015, as per Office Memorandum No. 04/06/2015-ED (Text) following additional points were added to the scope of study:

a. To do value chain analysis of the parks giving forward and backward linkages
b. To identify the issues faced by SITPs located within SEZ
c. To study the role and participation of the states in the parks

d. Quantitative inputs like monetization of subsidy taken for the parks, number of workers trained under skilling initiatives, occupancy rates, functional units of the parks.
e. Points related to Mega Textile Parks:
    a. To study the international experience in setting up Mega Textile Parks
    b. For providing guidance for setting up mega textile parks, the experience of China, Bangladesh & Vietnam in setting up Mega Textile Parks be listed giving the profile of investors in these parks.

1.2 Study Approach

Following step-wise approach was adopted by Wazir Advisors to conduct the study:

1 Establishing Context	2 Selection & Designing Research Methods	3 Undertaking Research	4 Analysis	5 Final Report
• Comprehend SITP Scheme and approval of the Textile Parks • Understanding of the implementation stages of different textile parks	• Sample selection & research plan • Develop study tools covering: • Investments • Contribution to the sector • Employment • Clusterization • Infrastructure • Skill Development	• Research covering: • SPV members and other investors in the textile parks • Select manufacturers who have not invested in the textile parks • Trade bodies & associations	• Statistical analysis of collected data and information • Qualitative analysis to understand major challenges and critical gaps in scheme design	• Impact assessment • Success of the scheme in fulfilling objectives • Critical gaps and its impact on the long term sustainability of the project

1.3 Study Methodology

1. **Establishing Context**
    - Wazir initiated the study by gathering the relevant information about the progress of SITP scheme and the details of parks approved.
    - Implementation stages of different textile parks were analysed in detail.
    - Objectives, scope, implementation structure, role of different Government bodies, financial structure, related bodies/ committees, etc. of the scheme were studied to ensure that the relevant qualitative information gets collected along with the quantitative responses.

2. **Selection & Designing Research Methods**

    - **Respondent sampling and research plan:** The research sample covered SPV members and other investors of various textile parks to understand the impact of the scheme and the challenges faced.

- **Devising study tools**: Questionnaire was developed in consultation with the Ministry of Textiles to capture two types of inputs:
    - **Quantitative** inputs like:
        - Increase in production in different segments in the value chain
        - Market share of parks in domestic and international market
        - Reduction in overall cost of production
        - Fresh investment in the textile sector
        - Employment generation
        - Improvement in wages
        - Monetization of subsidy taken for the parks
        - Number of workers trained under skilling initiatives
        - Occupancy rate/ functional units of the parks
    - **Qualitative** inputs like:
        - Contribution of the scheme in introducing advance technology
        - Impact on bringing scale in the textile manufacturing
        - Success in meeting critical infrastructure gap in the textile industry
        - Reduction in delay in the supply chain
        - Intended clusterization
        - Impact of the scheme on quality management and environmental compliance
        - Skill development initiatives
        - Improvement in working conditions
        - Critical gaps in scheme design & its impact on sustainability of the project
        - Reasons for unsatisfactory utilization of fund under the scheme.

3. **Undertaking Research**
   All the 72 approved parks along with those that have been cancelled were studied.

    - Wazir team connected with the representatives of the parks and took their quantitative as well as qualitative inputs.
    - Research was carried out by the team having extensive experience of conducting sector surveys and in-depth understanding of textile industry.

4. **Analysis**
    - Output of the primary research were collated and analyzed
    - Statistical analysis of the quantitative inputs was carried out to understand the impact of the scheme and its effectiveness for achieving targets
    - Qualitative information was also analyzed for understanding the critical gaps in the scheme and its impact on long term sustainability of the project

5. **Report preparation:** Finally, all the data and information was analyzed and a report was prepared covering the scope of work.

1.4 Research Methodology

The methodology of the study was a mix of primary as well as secondary research:

- Sources of secondary research was:
  - Relevant Central as well as State Government websites
  - Industry and sector reports
  - Trade databases
  - Scheme guidelines and related documents, etc.
- Methods for conducting primary research:
  - Face to face interviews
  - Telephonic interviews / video conferencing
  - Email

All the approved parks under SITP were approached for conducting the study.

2 Industry Clusters: A Global Perspective

Structural transformation from agriculture to industry has been a historical pathway to global economic development since the industrial revolution in Europe and the USA in 18th and 19th century. Later, Asian countries like China, Taiwan, Hong Kong, South Korea and Singapore industrialized in the 1960s and 1970s focusing on export-led industrialization. In all these regions, *one of the key driving factors for industrial transformation was the promotion of industrial clusters, geographical agglomerations of firms and hubs of production,* which was seen as a viable solution for economic growth and competitiveness in developed as well as developing countries.

2.1 Role of Clusterization in Global Industrial Development

Since the beginning of textile industry led industrial revolution in Britain in the mid-18th century strong clusters started developing for specific products. During the initial phase of industrial revolution, economic progress in Britain was concentrated in areas such as London and Lancashire where agglomeration of firms allowed manufacturing to advance because of the localized knowledge. Manchester can be termed as world's first industrial town which was in a sense first industry cluster. The population of Manchester grew from 10,000 people in 1717 to 70,000 people by the end of 18th century to 260,000 by 1850s; which was mostly engaged in the rapidly rising cotton textile industry.

Manchester and its surrounding towns in Lancashire were the ideal locations for textile production due to proximity of rivers that were source of water and power to run the mills, abundant availability of raw material & labour and proximity to Liverpool port. The growth of textile industry was also fuelled by development of first railway mainline of UK from Manchester to Liverpool in 1830 which enabled quick delivery of imported cotton arriving at Liverpool port to Manchester. Later on connectivity to London and Birmingham was also provided in 1938, which enabled further growth of the city's industry. Various support services and industries like banks and textile machinery units also helped the industry growth. By 1850's more than 100 cotton factories were operational in the city. Lancashire area, a hub for textile manufacturing, accounted for 79% of UK's spinning capacity by 1903.

Another major example of industrial cluster is Detroit, USA which transformed from a small fur trading town to the "*The Motor City*". The city had natural advantages that suited it for automobile production. It was close to major centres of coal, iron & copper mining and was easily accessible by water & land. During early 20th century, about 125 automobile firms sprang up in the Detroit area, including the Big 3 viz. Ford, General Motors and Chrysler. The automobile industry consumed vast amounts of steel, glass, copper and later plastic, fuelling the rise of a host of auto-related industries in and around the city. By the mid-twentieth century, one in every six working Americans was employed directly or indirectly by the automobile industry, and Detroit was its epicentre.

Moving ahead in the industrial development timeline, 1980s onwards saw massive industrial reforms in Asian countries especially China. With economic liberalization in 1980s, China experienced brisk increase in industrialization. It achieved the same degree of industrialization in less than 50 years which was achieved in two centuries by Western Europe and America. China's rapid industrialization has been characterized by the emergence of numerous specialty cities or industrial clusters for a particular product. In these regions, thousands of large and small firms came up that undertook a specific part of manufacturing value chain, while the entire region functions as one big factory. This industrialization has transformed many formerly rural towns in Chia's coastal areas into specialized zones such as Socks City, Sweater City, Footwear city, etc.

2.2 Case Studies of Few Global Manufacturing Clusters

2.2.1 Exclusive Textile clusters

2.2.1.1 Macrolotto Industrial Area, Prato, Italy[1234]

Macrolotto No. 1 is a privately owned industrial area developed in 1975 in Prato, Italy with an area of 150 hectares. The industrial area is managed by "CONSER", a consortium of 240 companies located in the area. There are about 350 companies in the industrial area employing around 3,500 workers. The industrial area comprises of the textile sector companies, 50% of which are involved in activities like raw material trading, spinning, weaving, knitting, etc. and rest are involved in wet processes like dyeing, washing, printing, etc.

Common facilities

Various facilities are provided by CONSER to the units that help reduce cost and increase competitiveness of the companies located in the area. There are also a number of service specific consortia in charge of delivering certain services like"

a. "IDRA" for industrial water delivery treatment and recycling
b. "Energia Libera" for production of energy and electricity.

[1] Source: www.conseronline.it
[2] Source: investinprato.it
[3] Source: ec.europa.eu
[4] Source: www.oecd.org

These consortia are owned and run by the companies in the park that need the specific services. Following common facilities are provided in the Macrolotto industrial area:

- Waste water recycling plant
- Power
- Commercial centres
- Banks
- Administrative offices
- Logistics services
- R&D Assistance
- Tele-communication services
- Transportation services for employees

The Macrolotto industrial area is well recognized as an Eco-innovation park due to its focus on the environmental compliances. CONSER implemented Eco-Management and Audit System (EMAS) in the late 1990's in the area. EMAS comprises of waste water treatment plant and water filtration plant with a capacity of treating around 5,000,000 m3/year for the treatment of waste water and around 1,500,000 m3/year for fresh water, allowing for an overall production of around 6,500,000 m3/year of water for industrial, fire and services purposes.

Government Support

- During the development of the industrial area, local authorities played a key role by supporting in coordination and secretariat activities. Although there are no subsidies provided for the companies inside the park but the administrative management of the park are covered by yearly contribution from the Italian Government of about 0.175 pounds per sq. m. i.e. 262500 pounds per annum (approx. Rs. 26 lakhs)
- CONSER had an agreement with the Municipality of Prato in 2004 which provided 12 electric and 3 methane powered vehicles which are used by the workers for commuting within the industrial area through carpooling.
- The park has a contract with the Italian Post Office for a centralized mail service

Success Factors

The major reasons for the success of the Macrolotto industrial area can be attributed to collective management of the area by the member companies which allows them to act according to their needs and interest. The joining up of companies also helped to pool public investment and private co-funding of the projects. Due to collective management, the companies gained competitive advantage over the firms located outside the area by saving huge costs. This has served as a major reason for attracting a number of companies in the area.

2.2.1.2 Datang Socks City, China[5][6]

Overview

Datang Sock Cluster, located in Zhuji city of Zhejiang Province, is known as "Capital of Socks" as the city officials claim that it produces one in every three pair of socks worn in the world.

[5] Source: www.ccsenet.org
[6] Source: www.chinadaily.com.cn

The cluster produces 13.5 billion pairs of socks every year and its annual output was US$ 5.3 billion in 2013 (latest data available).

Phases of Development

The town was earlier a small rice farming village. It was in late 1970's that around 1,000 people in the town gathered in small groups and stitched socks together at home and then sold them in baskets along the Hangzhou-Jinhua highway. Gradually, the locality and nearby areas experienced an expansion in capacity over different locations. A number of trading centres with different specializations viz. textile raw material, socks manufacturing equipment and logistics services also came up in the area. The township Government realized that the activities were scattered in different pockets which was causing increase in logistics cost. **So, they decided to encourage consolidation of trading activity at one location. The specialized trading centres in different areas were brought together to create Datang sock city as a comprehensive pan-industry trading city**. The development of sock city enabled the growth of local sock cluster and played an important role in facilitating the expansion of the cluster as a whole.

Government Support

The Government followed following model for development of Datang sock city:

Development Phase	Activity undertaken
Expansion	Consolidation of raw material traders and establishment of Datang raw material market
Adjustment	Technology up gradation of sock manufacturers and market expansion for increasing sales
Upgradation	Targeting international markets

The Government further supported the cluster by providing Government-financed market place for socks, providing land, giving tax benefits and developing infrastructure and transportation network needed to move products quickly to the market. The real edge of the Datang is the presence of the total value chain of socks business. The cluster comprises of around 2,500 socks manufacturing firms, 550 raw material firms, 312 hem stitching factories, 5 printing & dyeing plants, 305 packing factories, 208 mechanical fitting suppliers, 635 socks dealers and 103 shipment service firms. It also has around 1,600 shops to sell the socks. Such value chain and production specialization has reduced overall operating costs and has greatly enhanced productivity and efficiency of all business activities in the cluster. Clustering and networking has helped small and medium enterprises to enhance their competitiveness by being more specialized. As the firms are closely related, they benefit by sharing technological and marketing knowledge, and learning effects may be easier to achieve because it is easier to monitor what the neighbours do and learn from their successes and mistakes.

The cluster has around 30,000 local people and 130,000 migrant workers earning their living through making socks. The firms here have trained their workers to specialize in doing different procedure for examples workers specialized in binding pair of socks with metal clips. The clusterization has significantly improved the lives of the local people. Many people started from making socks at home and later on became owners of their own firms.

In order to market its products, the cluster organizes an annual socks festival that attracts more than 100,000 buyers every year. Datang is decorated with balloons and flags for its annual sock fair. Banners and signs are put everywhere to attract the visitors.

2.2.1.3 Dalang Textile Apparel Cluster, China[7][8]

Overview

Dalang, popularly known as *Knitting Sweater Town,* was one of the first industrial cluster upgrade pilots in Guangdong Province. There are 2 commercial sweater trading markets and over 4,000 enterprises in Dalang where a complete industry chain of knitting sweaters, auxiliary materials, machines, washing, dyeing, printing, etc. has been formed. The annual sales quantum

[7] Source: dalang.gov.cn
[8] Source: www.ccknitwear.com

is about 1.2 billion pieces, majorly being exported to USA, Europe, Japan, Hong Kong, etc. Centred on the powerful wool industry cluster Dalang has held several sessions of China (Dalang) International Woollen Knit Wear Fair successfully.

Evolution of the Cluster:

- In 1979, the first woollen factory was established in Dalang town by a Hong Kong based company and many farmers started to work there. The working model was – "receiving orders from Hong Kong and producing in Dalang".
- Some of these workers eventually started their own business and set up various mills around the town. Mills started to set up shops, which finally formed a specialized sweater market.
- Nearly 3,000 woollen firms operated in this cluster, employing over 160,000 workers, producing over 250 million sets of sweaters a year and supplying 30% of the domestic market in 2005.
- In the same year, the total output value of Dalang wool and sweater industry was US$ 1.04 billion, and export values surpassed US$ 490 million, with products exported to Europe, America, Russia, East Asia and South Asia.
- In 2013, the annual output of Dalang woollen cluster reached US$ 2.5 billion, accounting for 35% of the total industrial output of the town. The number of units were reported to be more than 4,000 selling over 1.2 billion pieces annually in domestic markets and more than 80 countries globally.

Government support to Cluster:

Infrastructure Facilities

- ***Sheds*:** Prefabricated sheds are available with the CFC facilities, dormitories etc.
- ***Power:*** Development of reliable power transmission system including three 110 KV power transmission stations.
- ***Telecommunication:*** State-of-the-art telecommunication facilities.

Realizing the potential of the sector, Government is also making efforts to improve "the six public service platforms", of R & D design, quality control, training, information consultation, logistics, and financial services. This will also support in accelerating two transitions of the industry, a) transition from product management to brand management, and b) transition from production base to regional distribution centre.

Other support provided by Government includes:

- Institutional support: Presence of institutes like:
  - China (Dalang) Woollen Knitwear R&D Centre
  - Guangdong Quality-Control Woollen Knitwear Inspection Station
  - Dongguan Wool Textile Association
  - Dongguan Wool Fashion Designer Association
  - Dalang Wool Textile Technology Innovation Centre,
- Marketing support initiatives has been taken by the government which include organizing of fairs to showcase the manufacturing excellence of the cluster. In 2013, Dalang successfully hosted 11th weaving fair, a four-day exhibition that attracted around 100,000 visitors.

2.2.2 Multiproduct Clusters

2.2.2.1 Shanghai Free Trade Zone, China[9][10]

Background

The Shanghai Free Trade Zone was established in 2013 with objective of promoting and leading the development of an open Chinese economy. The zone has carried out institutional reforms and innovations to provide a higher degree of openness to foreign investments and international trade in both goods and services.

Shanghai Free Trade Zone is an integrated zone established under the development framework of “3 ports and 3 areas”. It includes four custom areas that cover a total land area of 28.78 square kilometres, namely, Waigaoqiao Free Trade Zone, Waigaoqiao Free Trade Logistics Park, Yangshan Free Trade Port Area and Pudong Airport Free Trade Zone.

Special Incentives

It is an economic area with separate facilities under the special administration. The goods can be imported and exported from the Free Trade Zone (FTZ) to other countries without any

[9] Source: en.shftz.gov.cn
[10] Source: www.ftz-shanghai.com

limitations, tariff, import linkage tax, the examination of license and regular formalities under the customs supervision.

a. Waigaoqiao Free Trade Zone

Waigaoqiao Free Trade Zone was established in June 1990, and was officially launched in September in the same year. Its planned area was 10 sq. kms, and the operational area with closed customs supervision was 8.96 sq. kms. It is the first and the biggest among the 15 Free Trade Zones in the country.

Waigaoqiao FTZ is also one of the most important modern logistics industry bases and the important component of microelectronics industry area in China.

In September 2011, the zone was designated by the Ministry of Commerce as **China's first National Model Area for the promotion of imports and innovation**. It has become an important trade centre in Shanghai, dedicated to building professional trade platforms in 10 categories: liquor, watches, automobiles, engineering machinery, machine tools, medical devices, biomedicine, healthcare products, cosmetics and cultural products.

The main activities of this zone includes import and export trade, entrepôt trade, procurement and distribution, merchandise distribution, bonded expansion, product R&D, inspection and repair, professional trade platform, and other trade and service trade functions.

b. Waigaoqiao Free Trade Logistics Park

Waigaoqiao Free Trade Logistics Park was established in December 2003. It covers a total area of 1.03 sq. km. It is the first site in China to integrate the function of a bonded area and a port allowing companies to benefit from the policies and resources of both the free trade zone and the Port of Shanghai.

The logistics park and the Waigaoqiao Free Trade Zone create a major centre where multinational companies can export and source products in north eastern Asia, and can import non-ferrous metals and information technology components.

c. Yangshan Free Trade Port Area

Yangshan Free Trade Port Area was established in June 2005. It covers a total area of 14.16 sq. km. It was the first free trade port approved by China's State Council. It is composed of land area of Shanghai Luchao Port, Donghai Bridge and small Yangshan Port of Zhejiang Shengsi. The port has attracted companies in industries such as information technology, electronics, automobiles and auto parts, food processing and clothing. Currently, Yangshan Free Trade Port Area is the fastest growing and most profitable of China's 15 free trade ports.

The key activities of the port include transfer & consolidation, bonded demonstration, bonded warehouse, distribution, ship leasing and futures bonded delivery.

c. Pudong Airport Free Trade Zone

This zone was set up in July 2009 and its operations commenced in September of 2010. It covers a total area of 3.59 sq. km. It connects to Waigaoqiao Free Trade Zone in the north and reaching Yangshan Free Trade Port Area in the south. It is one of the regional central nodes along the eastern coastline of Shanghai Pudong. Its main activities include aviation supporting service, distribution centre and aircraft leasing.

Many multinational companies have established their distribution centres in the zone and are involved in related financial leasing projects. Top express companies like UPS, DHL and FedEx etc., have also set up their branches in the zone. The zone has developed as a strong business chain of air freight distribution, financial leasing and express transit.

Government Support

a. Tax cuts and exemption

Tax Exemption: Customs duties and import taxes are exempt for goods transferring between the free trade zones and overseas destinations.

Tax Rebate Upon the Entry: Domestic merchandise that enter the Yangshan Free Trade Port Area, Shanghai Waigaoqiao Bonded Logistics Zone and Shanghai Pudong Airport Free Trade Zone is regarded as having been exported and exporters can enjoy a tax rebate.

b. Exemption of Business Tax:

Taxation of business income and revenues in international shipping, transporting, warehouse, and international shipping insurance are exempt for companies registered in the Yangshan Free Trade Port Area.

c. Tax Rebate from Home Port:

Cargos that start from other domestic ports bound for Yangshan Free Trade Port Area or Shanghai Pudong Airport Free Trade Zone to be transported to overseas destinations can have their tax rebated as soon as the goods leave the home ports.

d. Free Deposit Bank Accounts:

Companies registered in the free trade zones do not need contract deposits in their bank accounts nor do they have to go through the contract verification system for processing trade.

e. Port Supervision

Customs: Companies registered in the free trade zones can make customs declaration of their imported goods collectively; goods that need to transfer to waterways, airways and railroads can enjoy optimized and simpler customs clearance procedure.

Inspection and Quarantine: The commodity and quarantine are pre-set, and some of the imported commodities can be pre-inspected and pre-quarantined when they are on the entry record to further shorten the time and reduce the procedures in supervision.

f. Foreign Currency:

Foreign exchange cancellation is not implemented in the zones and foreign exchange values can be fully retained by the enterprises. The flexible and convenient foreign exchange policy is adopted according to Administrative Measures on Foreign Exchange in Bonded Supervision Area.

g. Others

Extension of Bonded Cargos: At Shanghai Waigaoqiao Free Trade Zone, cargos that have been imported and have made customs declaration as well as domestic merchandise waiting for export can be stored, processed or sold together with other bonded goods.

Offshore Accounts: Companies registered at Yangshan Free Trade Port Area can open offshore accounts to provide convenient financial settlement for overseas business.

Shanghai FTZ had registered 23,243 companies by the end of 2014; 14,860 of them newly registered and 2,342 foreign-funded.

2.2.2.2 Jebel Ali Free Zone, UAE[11][12]

Background

UAE is home to more than 36 free trade zones. Success of these free zones is one of the most significant reasons for large scale industrial development in UAE reducing its dependence on oil exports to some extent and create employment.

Jebel Ali Free Zoe is the largest Free Zones in UAE located in Jebel Ali area at the far western end of Dubai. It commenced its operation in 1984 with a total of 19 companies. Now it houses more than 7,000 companies including 100 of the Global Fortune 500s. It is one of the world's biggest free zones.

[11] Source: jafza.ae
[12] Source: www.uaefreezones.com

JAFZA is strategically located with easy reach to the majority of the world's markets through sea, air, land and rail connectivity. JAFZA has Jebel Ali Port, world's 7th largest container port on one side and the Jebel Ali International Airport, one of the world's largest cargo airports on the other side. It has also partnered with Government entities and service providers to support its companies. The zone has attracted investments from companies from Europe, Middle East, Indian Subcontinent, America, Far East and Africa. In order to establish a company within Jafza an investor(s) can choose one of the following formation types:

- Free Zone Company (FZCO) for 2 to 5 shareholders
- Free Zone Establishment (FZE) for single shareholders
- Branch for existing companies wishing to establish a base in Jafza

Activities in the Zone

Trading	Services	Industrial
Agricultural, flowers and plants	Advertising	Cotton, metal nets and rope manufacturing
Building materials trading	Building maintenance, surveillance and cleaning services	Equipment, engines and machinery
Chemicals trading	Building maintenance, surveillance and cleaning services	Packaged Food
Electronics and electrical group	Contracting and building works	Garments, rugs, textiles and products manufacturing
Equipment and machines	Equipment, engines, machinery and repairs	Light aircraft manufacturing
Fuel and petroleum products trading	Finance consultant	Manufacturing of gold

Trading	Services	Industrial
Metal and its products trading	Foodstuffs supply	Manufacture of medicines
Motor vehicles and auto spare parts	Gas station	Manufacture of motor vehicles and motor cycles
Readymade garments	Government liaison office	Manufacture of tires and rubber products
Foodstuff and beverages	Hospitals and recovery houses	Manufacture of medicines
Ships and boats trading	Halls and exhibitions	Paper and paper products
Trade license and video and recordings	Light aircraft maintenance	Petroleum products and chemicals
Tobacco and smoking accessories trading	Motor vehicle repairs	Plastic industries
Waste trading	Transport, shipping and storage	Power generation and transmission

Facilities provided in the Zone

- Plots of Land: JAFZA provides plots of various sizes for short and long-term lease, ideal for companies wishing to construct their own facility. Each land site varies from 5,000 sq. m. to larger sizes, according to the specific requirements of individual companies.
- Warehouse: The zone offers pre-built warehouses for high quality storage and light manufacturing activities. These warehouses are thermally insulated which are available on a rental basis and are fitted with office space. The main features of these warehouses are:
    - Electricity and water infrastructure ready, with standard power range of 42 kw to 127 kw.
    - Telecommunication infrastructure
    - Parking facilities
    - Fitted with fire alarm and firefighting systems
    - Floor load capacity of 5 tons per sq. m.
    - Warehouse eaves height varies from 6 m to 12 m
    - 24-hour security within the Free Zone
- Business Park: Fully furnished and equipped offices with no set up cost is provided to the investors. Each business centre is equipped with:
    - Workstations with network connections.
    - Meeting and conference rooms, equipped with audio-visual equipment
    - Broadband Internet and telephone lines
    - Business lounge

    - Professional support staff, administrative and secretarial services
- On-site Residences: JAFZA offers accommodation for company labour within the Free Zone. There are over 4,850 rooms in JAFZA North and over 4,600 rooms in JAFZA South.

Incentives offered to companies inside the JAFZA

- 100% foreign ownership
- 0% corporate tax for 50 years
- No restriction on capital repatriation
- 0% import or re-export duties
- 0% personal income tax
- No currency restrictions
- No restriction on foreign talent or employees
- Ability to mortgage the premises to a bank or financing company
- Onsite Customs

2.2.2.3 Salalah Free Trade Zone, Oman[13]

Background:

Salalah Free Zone was established in 2006 with the intention of developing a desirable and advantageous place for doing business in the region. It is spread across an area of 19 million sq. m (4,700 Acres) and is endowed with state-of-art infrastructure combined with attractive incentives, reliable services and a secure environment with the advantage of unique location. Its central location and its competitive environment has attracted many international companies to invest in this region. Incentives like 100% foreign ownership, no income tax, zero customs on export and import has made it a commercial hub with thriving business.

The location of the zone becomes more attractive considering the access it offers through Free Trade Agreements (FTA) and to regional markets & international trade routes. The access to the US-OMAN Free Trade Agreement (FTA) provides considerable duty exemptions thus attracting a number of companies from all over the globe.

Salalah Free Zone has been funded by Oman's Ministry of Finance and Salalah Free Zone Company has been established to support tenants, manage the development and attract international investors. Till date, the Government of Oman has invested USD 130 Million in the Salalah Free Zone Development and in return, the zone has successfully attracted business worth over USD 3.6 Billion. Since, Salalah Free Zone is a long term project and is owned and maintained by Government, it aims at bringing strategic business partners and has become an investment hub. Major activities in Salalah Free Zone include ware-housing, textiles, logistic services, petrochemicals etc.

Industrial activities in the zone

[13] Source: sfzco.com

Salalah Free Zone has three types of clusters:

- The **Chemical and Material Processing** sector, which is focused on the non-energy intensive organic minerals, petrochemicals, other materials from locally available resources and globally traded resources.
- The **Manufacturing and Assembly** sector that comprises of automobile manufacturers, textile firms, healthcare and fitness product manufacturers.
- The **Logistics and Distribution** sector which is focused on consolidating inbound and out bound flow of goods to between regions such as Africa, Middle East & GCC, India and Indian-Subcontinent.

Development of the Salalah Trade Free Zone

The development of the zone has been planned in three different phases. The first phase of development is complete and fully functional. The second phase of the development will extend from 2018 to 2023, this will include development of the focused clusters for better functioning and also to promote the area and bring in more investors. The program will be supported by integrating social, economic, financial and technical community. The third phase will start from 2025 and is expected to be completed by 2028. By the end of 2028, Salalah Free Zone is expected to attract US $ 15 billion worth of industrial, commercial and logistics related investments.

During these three phase, the key goals would be the expansion of the infrastructure and facilities, and also creation of economic synergetic ecosystem to encourage local economic development and innovation. Research, design and development centres will also be set-up to infuse innovation and development of new products.

Current investors in the Salalah Free Zone include Octal Petrochemicals, Saltic FZCO, Salalah Methanol, Associated Industries Ltd. (Hind Aluminium) in the chemical and material processing sector, Dunes Oman LLC (TVS), Sapphire Marine, Crystal, PGC textile corporation in manufacturing and assembly Sector and DHL and Saga in the logistics and distribution sector.

Incentives offered in the Salalah Free Zone

- Land on lease for 50 years
- 100% foreign ownership

- Very competitive labor cost
- Very competitive utilities cost
- 30 years' tax holiday on profits and dividends
- No custom or excise duties
- No minimum capital required
- No restriction on repatriation of capital and profits
- Zero corporate and personal income tax

Services offered in Salalah Free Zone

- The Salalah Free Zone issues various types of licenses for ease of the investors like general trading license, trading license, industrial license and service licenses.
- It also issues work permits, visas, construction permits, environmental permits, application for utilities etc.
- Warehouses, offices, incubators etc. are available for immediate start of work.
- Various communities have been formed to help the investors in the process of business.

2.2.2.4 Izmir Organic Food Cluster, Turkey[14][15][16]

Background

Izmir Organic Food Cluster was established as a result of Development of National Clustering Policy (DCP) Project of Turkish Government, launched in March 2007, which is an EU-funded technical assistance project, implemented by the Under Secretariat for Foreign Trade.

The cluster was established to undertake the transition from producing basic commodities to supplying branded organic products. This cluster aimed at developing a more closed system that will prevent food losses on the supply chain by communicating the exact needs of retailers to producers, maintaining an optimum infrastructure and training.

Aegean region, especially Izmir is the most active region in Turkey for organic sector. Nearly all organic products are grown in this region due to the appropriate climate and soil structure. With previous agricultural knowledge and experience, Izmir is the most important region in Turkey for specializing in organic farming. Today, approximately 40 % of all organic production of Turkey is located in the Aegean region, and the majority of the processing companies and control-certification companies are located there. There are 374 companies who are active participants in the organic agriculture sector either as processors, packers, exporters, traders, or importers; 26% of the total such companies in Turkey are located in Izmir.

Clustering for organic agriculture in Izmir was necessary in order to link production, capacity building and trade and to increase the capacity of Turkish companies for competitiveness and innovation.

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[14] Source: www.organikkumeler.org
[15] Source: www.feedingknowledge.net
[16] Source: www.clusterizmir.org

Cluster Development

Izmir Organic Food Cluster was identified as one of the major clusters on the basis of a 3 stars' approach, size, dominance and specialization of the sector. With Izmir, high level of agriculture and trade knowledge and experience and also with appropriate climate and soil structure, it was the most suitable location in Turkey for organic production and export.

A roadmap for Izmir Organic Food Cluster was prepared with direct involvement of a broad range of stakeholders which included enterprises, governmental and non-governmental organizations, academic and research organizations and other relevant actors. During the development of roadmap, four key factors were determined: Supply Chain, Distribution System Management, Marketing Communication and Establishment of the cluster coordination unit.

The major activities undertaken under Izmir cluster development are:

- Establishment of Izmir certified open organic market/bazaar
- Establishment of Inter-Cluster alliance for organic agriculture
- Establishment of an organic Village i.e. Karaagac for farming
- Ecology Izmir Exhibition centre

Benefits

With combined efforts and collaboration within the farmers and other stakeholders, following benefits have been achieved:

- All stakeholders in the sector such as enterprises, governmental and non-governmental organizations, academic and research organizations have now good relations with each other. All stakeholders are now acting as a cluster and making decisions for the benefit of the group.
- Strong infrastructure for communication has been established in order to gather all stakeholders from on one platform. Thus, internationalization of Izmir Organic Cluster stakeholders was supported by integrating Izmir Organic Food Cluster with other clusters in Europe and new partnership and collaboration opportunities were provided.
- Izmir Municipality established the Organic Bazaar to create a place where organic farmers can be in touch with the consumers and find a ground to sell their products.

- Aegean Exporters Association (AEA) is also supports the cluster stakeholders to participate in BioFach, World Leading Organic Fair and organizes B2B matchmaking events in order to provide support to companies to extend their network and find new partnership opportunities. AEA also organized the first Turkish Conference in BioFach in order to promote Turkish organic sector.
- Ecology Fair has also been moved from Istanbul to Izmir to attract foreign visitors to Izmir and meet companies in Izmir.

As a result, Izmir Organic Food Cluster has become one of the most successful clusters in Turkey with previously planned activities, time plan and with the endless contribution of the cluster members. This model which is established micro-based, is provided to be applied all over Turkey in medium and long term.

2.2.2.5 Digital Media City, South Korea[17][18][19]

Background:

Digital Media City (DMC) is a high-tech digital media and entertainment cluster spread across an area of 570,000 sq. mtrs (Approx. 140 acres) in Sangam-dong, Seoul. DMC is a part of the "Millennium City" project for Sangam-dong district which is implemented by the Seoul Metropolitan Government. Project plan for developing this city was launched in April, 2000 under the name 'Sangam New Millennium City Plan'. The main objective of developing this city was to enhance the national competitiveness in the IT sector and to serve as a "hub of information exchange" with world class infrastructure.

Development of DMC started in 2002 and it is currently in the stage of finalization. During this period, DMC has been successful in attracting diverse industries ranging from media and entertainment companies, IT and software companies, nanotechnology and biotechnology companies and other supporting businesses. With the increase in the number of companies, employment has also been on a constant rise.

[17] Source: seoul.go.kr
[18] Source: investseoul.co
[19] Source: visitkorea.or.kr

Merits of the DMC:

- **Easy access to Northeast Asian markets:** DMC is the geographic centre of the metropolitan area of Seoul which enables it to have easy access to East Asia and beyond. DMC is situated at a close distance from Incheon International Airport, the hub of East Asia's air transportation. The "Silk Road of Steel" connecting Japan to Europe through North Korea, Manchuria, and Siberia also passes through this zone.
- **Access to large domestic market of Seoul:** DMC has direct access to the massive consumer market in the Seoul metropolitan region, which has a population of around 24 million people.
- **Competitive land price:** Land is provided at competitive prices to media entertainment businesses and investors who intend to establish their facilities in the city.
- **Presence of advanced IT infrastructure:** DMC is equipped with the one of the world's best broadband communication networks and information and communications infrastructure which allows free access to high speed internet services to the residents of the park.

Type of Industries:

- Media industry including broadcasting, movies/animation, games, music, digital education etc.
- Businesses involved in R&D for entertainment-related technologies and the production & distribution of digital contents.
- Businesses distributing & consuming digital content
- Software and other IT-related service businesses
- Biotechnology and Nanotechnology R&D and manufacturing.

Government support in the development of the DMC:

City of Seoul and the central government prioritized the development of public facilities and functions necessary to boost the relevant industries. Some of the facilities and infrastructure provided by the government:

- Broadcasting facilities
- High-tech industrial centre
- Business start-up centre
- Media-related research centres
- Seoul Business Centre
- Commercial-Leisure Facilities
- Residential-Commercial Facilities
- Hotel & Convention Centres
- Urban Factories

Government Incentives for Foreign Investors:

- **Long-term Lease of Sites and Buildings:** Foreign-invested businesses may lease sites or buildings at low rates (60% less than those applicable for domestic businesses) for up to 50 years.

- **Corporate and personal income taxes exemption**: 100% exemption for five years from business start date, 50% abated for foreign investment portion for the next two years.
- **Acquisition and registration taxes exemption:** 100% exemption from for ten years from business start date, 50% abated for foreign investment portion for the next five years.
- **Provision of Offices for Rental**
- **Supply of Rented Housing**

Over the years, DMC has gained worldwide attention and has systematically achieved its goal of enhancing the competitiveness of the city. DMC has been transformed into a model urban production community with a creative ecosystem of knowledge and a cluster of media and IT industries. One of the main reasons for the development of DMC into an industry cluster and high-tech industry ecosystem was the systematic selection of suitable companies & provision of land. In this new approach, companies with demands relevant to the project approach were selected and land was provided to them.

Results and Achievements:

- Number of operating companies: 882
    - Number of digital media and entertainment companies – 241
    - Number of IT/software companies – 179
    - Number of Nanotechnology and Biotechnology companies – 22
    - Number of supporting and offshoot companies – 440
- Number of working employees – 40,000
- Expected Turnover – US$ 30 billion (After completion of the project)

South Korea's top 3 broadcasting headquarters, key branches, and major media companies and their branches have moved into DMC. With these reputable media, film, game and animation companies, DMC has become the largest media hub in South Korea and a global leader in the media industry.

2.2.2.6 Tanger Free Zone, Morocco[20]

Background:

Established in 1999, Tanger Free Zone (TFZ) is a business hub which serves as an industrial platform to Tanger Med port. Located strategically on the Strait of Gibraltar, at the conjunction of major maritime routes, TFZ offers a wide access to target markets through Tanger Med Port, the gateway to Europe and Africa with 8 million TEU of container handling capacity.

Developed across an area of 3000 hectares, TFZ houses more than 500 companies of all sizes from the European Union, United States of America, North Africa and the Middle East concentrated around thirty different activities generating an export turnover of € 2.6 Bn.

Favorable geographic location coupled with compelling value propositions have enabled the Zone to meet the demands of global players and has successfully attracted top global players including Renault-Nissan with the largest car plant in Africa, Arcelor-Mittal, General Electric, Delphi, Lear Corporation active in various sectors such as Automotive, Aeronautics, and

[20] Source: www.tangerfreezone.com

Services offshoring. Since its inception, TFZ has managed to attract € 2 Bn. worth of investments and has created more than 45,000 jobs.

Incentives and Services Offered in Tanger Free Zone:

- State of the art infrastructure zones with full range of services: -
  - Land area is serviced, equipped, and made available to investors, upon authorization, for performing industrial and commercial exporting activities.
  - The bonded industrial zone is comprised of fully equipped modular lots from 1,000 to 20,000 square meters and more. The prospective investor can lease lots through financial institutions or through leasing companies.
  - The area is equipped with accompaniment facilities: business centres, fully equipped offices for short-term leases, storage facilities, restaurants.
  - The logistics area includes the construction of a TIR park (International Road Transport) of 11 hectares, a gas station and a hotel.
- One stop shop for registration and incorporation process
- Exemption of taxes on dividends and partnership shares
- Corporate tax is 0% during the first 5 years and then a reduced rate of 8.75 % starting at the 6th year applies, for the next 20 years
- Exemption from License Tax & Urban Tax during 15 years
- Exemption from all registration taxes and stamp duties
- Exemption of VAT
- Tax-free repatriation of foreign earnings.

Government Support and Subsidies: -

- Moroccan Government the Hassan II Fund, grants financial assistance to some industries for acquisition of land and /or construction of production units. These subsidies can reach can reach 100% of the price of land based on a maximum cost of €25/sq. mtr.
- Government of Morocco has signed Free Trade Agreements with 56 countries notably with the European Union, the United States, Turkey and some Arab countries. This has led to multifold increase in the Moroccan exports.

Activities and sectors:

- Logistics
- Automotive and Aeronautics
- Agro-industry
- Textile and leather
- Electronics, and mechanical industries
- Services

2.3 Key Learnings from Global Clusters/Parks

There are two types of clusters – a) the ones which had a heritage of manufacturing or natural clusters; and b) the ones which were developed by authorities from scratch or artificial clusters. In natural clusters, the Government has helped existing small and medium scale industry model to evolve into large scale, organized model. While in artificially developed clusters, authorities focused on developing a strategically located region, mostly near the coast, to develop specific set of industry and services. An in-depth analysis of successful clusters globally reveals that there are following 5 common aspects in them:

1. **Large scale of operations** – Most of the clusters have units which are large in scale to leverage economies of scale for sourcing, utility consumption, overheads, and marketing. Definition of "large scale" may be relative, depending on the size of country, size of sector or both. However, the vision of policy makers supporting clusterization has always been to mass produce items and capture a significant market share in specific domains.

2. **Presence of integrated value chain and support services -** Taking example of textile clusters, it is observed that clusters aim to have manufacturing units across the value chain, starting from fibre to finished goods. The idea has been to develop a self-sufficient zone which has all the support services such as financial institutions, capital goods, logistics providers, accessories, approving authorities, etc. within the zone itself.

3. **Well-developed common infrastructure -** One of the foremost steps to develop a cluster is to provide reliable common infrastructure to the user industry. This covers well-developed connectivity to ports & express ways, uninterrupted power and water supply, dormitories, residential complexes, waste water treatment plants, public transportation, telecommunication, ready to use factory sheds, exhibition halls, security, testing labs, R&D centres, business centres, training and education centres, medical facilities, welfare infrastructure and social infrastructure.

4. **Ease of doing business -** To attract investments, Governments provide more flexible rules and regulations along with special attention to businesses operating in these zones for example green channel customs clearances, easier business approvals, single window clearances, support in mobilizing workforce, support for business registration, liberal work permit policy, fully convertible currency, easier financing options, etc.

5. **Special fiscal incentives -** In many of the clusters, businesses are exempted from various local taxes and import duties. Some even provide partial or full exemption from corporate and individual income taxes. Utility costs and user fee for common infrastructure may also be subsidized to bring them to a nominal level.

2.4 Benefits extended by other countries to Textile Parks (Case Study-Ethiopia)

To boost investments in the textile sector, various countries extend special benefits to investors for example:

- Finance availability at subsidized rate
- Attractive tax break policies
- Ease of engaging expatriate workers

- Providing land, ready factory sheds and other infrastructure at nominal rates
- Availability of power and water at factory gate
- Well established connectivity with ports
- Development of complete manufacturing eco-system within the textile park

As desired by Secretary (Textiles) during the presentation, a detailed case study of Ethiopia and one of the parks– Bole Lemi Industrial Zone is given ahead:

Case Study- Ethiopia

Ethiopia, an East African country, is one of those nations which is actively promoting its investment in the textiles sector by establishing textile parks like Bole Lemi and Hawassa Textile Park. Some of the incentives provided by Ethiopian government for investments in textile parks include:

i. **Fiscal Support**

- 100% exemption from the payment of customs duties
- Zero customs duty against exports on raw material and trims
- Tax holiday privileges between 6 to 8 years for 100% export oriented units.
- Exemption from the payment of income tax for additional 2 years for investor exporting more than 60% of the products.
- An income tax deduction of 30% for 3 consecutive years.
- Tax holiday for 2 years for employees
- 50% loan in dollars by EIB (Ethiopian Investment Bank) for FDI and 75% loan in dollars for local entrepreneurs
- Interest rate- 9%
- Duties and other taxes levied on imported and locally purchased raw materials used in the production of export goods are drawn back 100 percent at the time of the export of the finished goods
- Exporters are allowed to retain and deposit in a bank account up to 20% of their foreign exchange earnings for future use in the operation of their enterprises and no export price control is imposed

ii. **Plug and Play infrastructure support**

- Factory buildings are provided on rental basis
- Power and water are provided at factory gate

iii. **Support for competitive manufacturing**

- Low power cost - as low as 3 cents
- Economical labor (USD 50 per month per person)

iv. **Others**

- Free Trade Agreement (FTA) with key markets like US and Europe under AGOA (African growth and Opportunity Act) and EBA (Everything-But-Arms Initiative), respectively
- Organizations like UN, World Bank etc. promote investments in Ethiopia
- High level political and bureaucracy support to fast forward the process of approvals and clearances
- Foreign investors are entitled to make the following remittance out of Ethiopia in convertible foreign currency.
    - Profit and dividends
    - Principals and interest payments on external loans
    - Payments related to technology transfer agreements
    - Proceeds from the sale or liquidation of an enterprise
    - Compensation paid to an investor
    - Proceeds from the sale or transfer of shares or partial ownership of an enterprise to a domestic investor

Snapshots of Bole Lemi Textile Park (Ethiopia)

Factory Area **Admin office for customs authority**

Skill Development Centre

3 Scheme for Integrated Textile Parks (SITP)

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide the industry with state of the art world-class infrastructure facilities for setting up their textile units. It was approved in the 10th Five Year Plan (July 2005) by merging the erstwhile Apparel Parks for Exports Scheme (APES) and Textile Centre Infrastructure Development Scheme (TCIDS).

There are two major objectives of the SITP:

- To provide the industry with world-class state of the art infrastructure facilities for setting up their textile units.
- To facilitate textile units to meet international environmental and social standards.

Overview of the Scheme:

Each Integrated Textile Park (ITP) under the scheme would normally have 50 units. The number of entrepreneurs and the resultant investments in each ITP could vary from project to project. However, aggregate investment in land, factory buildings and Plant & Machinery by the entrepreneurs in a Park shall be at least twice the cost of common infrastructure proposed for the Park. The new ITPs being set up under the Scheme may be excluded from the SEZs.

The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers common infrastructure and buildings for production/support activities (including textiles engineering, accessories, packaging), depending on the needs of the ITP.

An ITP has the following components:

i. Group A - Land
ii. Group B – Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply incl. captive power plant, effluent treatment, telecomm. lines etc.
iii. Group C – Buildings for common facilities like testing laboratory (incl. equipment), design centre (including equipment), training centre (including equipment), trade centre/display centre, warehousing facility/ raw material depot, one packaging unit, crèche, canteen, workers' hostel, offices of service providers, labour rest and recreation facilities, marketing support system (backward / forward linkages) etc.
iv. Group D – Factory buildings for production purposes
v. Group E- Plant & machinery
vi. Group F - Work space for textile units and workers' hostel which may be made available on rental/hire purchase basis

The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups B, C, D and F above, provided the ownership of the factory buildings vests with the SPV. The technical fee is not covered in the project cost.

The SPV will, however, have the option of seeking financial support from Government of India for components under Groups B, C and F only, if factory buildings are individually owned.

The Parks with Processing Unit should necessary have a CETP.

Key Implementation Structure:

1. Industry Associations/Groups of Entrepreneurs would be the main promoters of the ITPs. At each ITP, there would be a separate Special Purpose Vehicle (SPV) formed with the representatives of local Industry, Financial Institutions, State and Central Government. SPV shall invariably be a Corporate Body registered under the Companies Act. Any different structure for the SPV requires the approval of the Project Approval Committee. The SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central/State Governments.
2. Ministry of Textiles (MOT) shall appoint a panel of professional agencies, which have considerable experience and expertise in the area of infrastructure development, as Project Management Consultants (PMCs) for implementing the Scheme.

Role of State Government:

The role of the State Government is envisaged in the following areas:

1. Providing all the requisite clearances, wherever needed, for setting up the ITP and providing the necessary assistance for Power, Water and other utilities to the ITP.
2. Assist in identification and procurement of suitable land.
3. The State Government agencies like Infrastructure/Industrial Development Corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing grants.
4. Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty etc. for the units located in the ITP.
5. Dovetailing of other related schemes

In order to facilitate proper coordination, State Governments would be requested to participate in the SITP scheme through signing of an agreement with the Ministry of Textiles on facilitating provision of land, power supply, water supply and statutory clearances for projects sanctioned to the state under the scheme. The State Governments would also be requested to participate in the SPV through the nomination of a representative on the Board of the SPV.

Funding Pattern and Provisions:

1. The Government of India's (GOI) support by way of Grant or Equity will be limited to 40% of the project cost* subject to a ceiling of Rs. 40 crores for parks. GOI support under the Scheme will be generally in the form of grant to the SPV unless specifically decided by the PAC to be equity. However, the combined equity stake of GOI/State Government/State Industrial Development Corporation, if any, would not exceed 49%.
2. Central Government will be entitled to place a nominee on the Board of the Park as per scheme guidelines.

   * 90% for first two projects in the North Eastern States and Jammu & Kashmir.

Release of Funds: The following schedule will be adopted for release of GOI assistance to the SPV subject to specific criteria:

I. Ist Instalment - 10% of the total GOI share will be paid to the SPV subject to SPV furnishing a Bank Guarantee of equal amount to the Ministry
II. IInd Instalment - 15% of the total GOI share will be paid to the SPV subject to SPV incurring their proportionate contribution (i.e. 25% of the total SPV share from all the sources) of the grant released.
III. IIIrd Instalment - 25% of the total GOI share shall be released after the utilisation of the 2nd instalment and after the proportionate expenditure (i.e. 50% of the total SPV share from all the sources) has been incurred by the SPV.
IV. IVth Instalment - 25% of the total GOI share after the utilisation of the 3rd instalment and after the proportionate expenditure (i.e. 75% of the total SPV share from all the sources) has been incurred by the SPV.
V. Vth Instalment - 25% of total GOI share will be released after successful completion of the project and after 33% of the units in ITP (or a higher percentages determined by PAC for successful completion of the specific project) start their production.

Scheme Document is available in Annexure 1

Scheme for Additional Grant for Apparel Manufacturing Units under Scheme for Integrated Textile Park (SITP)

In order to provide a fillip to the Apparel Manufacturing Industry and generate additional employment, particularly for women, the Finance Minister in his Budget speech of 2013-14 had announced an additional grant up to Rs 10 crore per Park, for apparel manufacturing units within the parks up to Rs 50 Crore.

This additional support to apparel manufacturing units is expected to generate direct employment up to 4,000 persons in each park, by leveraging the infrastructure already created in the parks

This additional support would be available during the 12th Five Year Plan

Scheme Document is available in Annexure 3

Scheme Guidelines for Pilot Phase of Textile Industry Workers' Hostel

The Project aims to establish workers' hostel for the workers of textile industry inside or in the vicinity of textile park) through grant assistance from MoT in order to:

- provide a safe and secured accommodation for the workforce
- ensure better retention of the work force by way of decent accommodation in/vicinity of the textile parks, thereby improving the productivity

The Scheme target is to create workers' hostel for approximately 3,750 workers during the 12th Five Year Plan period.
The grant from Ministry of Textiles will be limited to 50% of the project cost per project subject to a ceiling of Rs. 3 Crore for each workers' hostel with built up area @ 125 sq. ft. per capita. The hostels can be built for a maximum of 1000 workers. The cost of Land shall not be considered in the project cost.

Scheme Document is available in Annexure 4

4 Current Status of Textile Parks

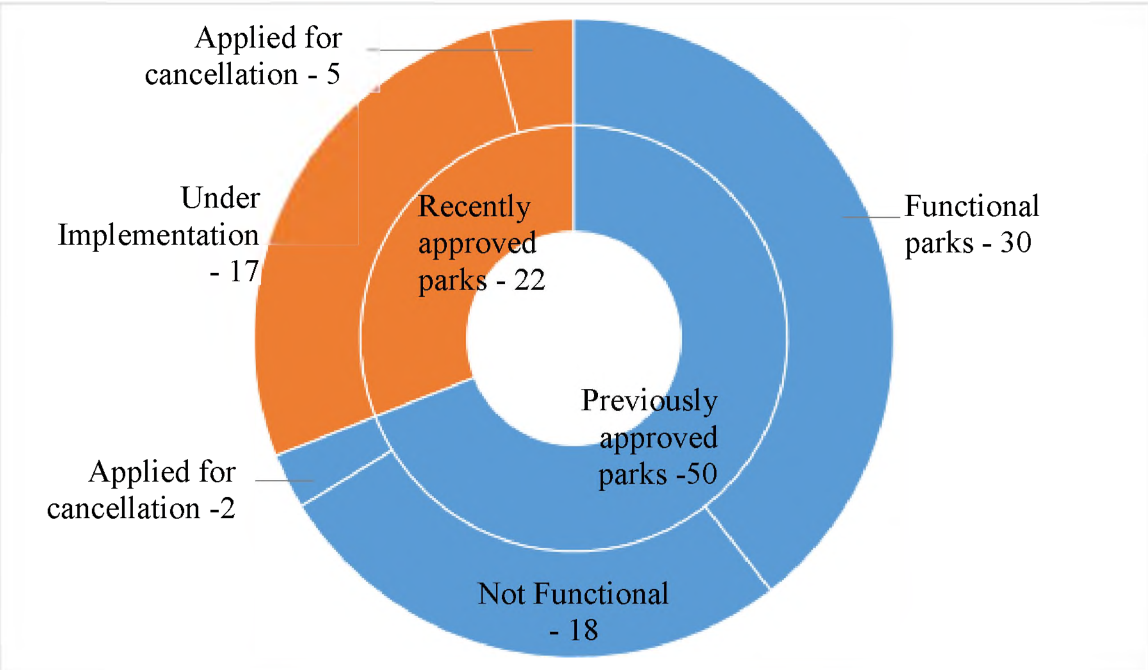
4.1 Number of Parks Sanctioned and Timeline

Till date 72 parks[21] are sanctioned under the SITP with the following timeline:

	Approved	Cancelled	Total Sanctioned
X & XI five-year plan	40	4	36
October 2012	21	7	14
2014	13		13
2015	09		09
Grand Total	**83**	**11**	**72**

4.2 Operational Status of Parks

22 parks which were sanctioned in 2014 and 2015 (*Recently Approved*) are supposed to be operational earliest by 2017. However, 5 parks out of them have applied for cancellation. From the rest 50 parks (*Previously Approved*) also, only 30 are functional[22] while 2 parks have applied for cancellation. The overall functional status of 72 sanctioned textile parks is as follows:



[21] Two Textile Parks were approved after this study was commenced. These parks have not been covered in this study as no progress has been made in them.
[22] Parks in which manufacturing operation of at least 1 unit has started

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4.3 Profile of Sanctioned Parks

S. No	Park	State	Year of sanction	Current Status	Current Activities
1	Aalishan Eco Textile Park Pvt. Ltd.	Haryana	2015	Recently Approved	NA
2	Amitara Green Hi- Tech Textile Park Pvt. Ltd.,	Gujarat	2014	Recently Approved	NA
3	Asiatic Co-operative Powerloom Textile Park Society Limited	Maharashtra	2011	Not Functional	NA
4	Asmeeta Infratech Ltd	Maharashtra	2008	Functional	NA
5	Avantika Textile Parks Ltd	Telangana	2014	Cancelled	NA
6	Baramati Hi-Tech Textile Park Limited	Maharashtra	2007	Functional	Weaving, Garmenting, Printing
7	Brandix India Apparel City	AP	2006	Functional	Weaving, Knitting, Processing &
8	CLC Textile Park Pvt. Ltd.	MP	2008	Not Functional	Weaving, Knitting
9	Deesan Infrastructure Pvt. Ltd.	Maharashtra	2008	Functional	Garmenting
10	Dhule Textile Park Pvt. Ltd.	Maharashtra	2014	Recently Approved	NA
11	Dodballapur Integrated Textile Park Limited	Karnataka	2006	Functional	Weaving
12	Ecotex Textile and Apparels Park Private Ltd	UP	2015	Recently	NA
13	EIGMEF Apparel Park Ltd	West Bengal	2006	Not Functional	NA
14	Fairdeal Textile Park Pvt. Ltd.	Gujarat	2007	Functional	Weaving, Texturizing
15	Gouthambudha Textile Park Pvt Ltd	AP	2015	Recently Approved	NA
16	Great Indian Linen & Textile Infra Structure Co. (P) Ltd	Tamil Nadu	2006	Not Functional	NA
17	Gujarat Eco Textile Park Ltd.	Gujarat	2005	Functional	Weaving, Yarn Dyeing
18	Gulbarga Textile Park Pvt. Ltd.	Karnataka	2012	Not Functional	NA

S. No	Park	State	Year of sanction	Current Status	Current Activities
19	Guntur Textile Park Pvt. Ltd.,	AP	2014	Recently Approved	NA
20	Himachal Textile Park Ltd	HP	2011	Functional	Knitting, Technical Textiles
21	Himmada Integrated Textile Park	Rajasthan	2011	Not Functional	NA
22	Hindupur Vyapar Apparel Park Limited	Andhra	2006	Not Functional	Garmenting, Weaving
23	Hinganghat Integrated Textile Park Pvt Ltd	Maharashtra	2015	Recently Approved	NA
24	Islampur Integrated Textile Park	Maharashtra	2008	Functional	Weaving, Garmenting
25	J&K Integrated Textile Park Ltd.	J&K	2011	Functional	Weaving (Handloom)
26	Jaipur Integrated Texcraft Park Pvt. Ltd.	Rajasthan	2008	Functional	Weaving
27	Jaipur Kaleen Park Ltd	Rajasthan	2009	Not Functional	NA
28	Jaipur Texweaving Park Ltd.	Rajasthan	2005	Functional	Weaving
29	JVL Textile Park Pvt.Ltd	Bihar	2014	Cancelled	NA
30	Kallappanna Awade Co-Operative Industrial Estate & Integrated Textile Park Ltd	Maharashtra	2011	Not Functional	NA
31	Karanj Textile Park Private Limited	Gujarat	2015	Recently Approved	NA
32	Karur Textile Park Ltd	Tamil Nadu	2006	Functional	Weaving, Garmenting
33	Kashmir Wool & Silk Textile Park Pvt. Ltd.,	J&K	2014	Recently Approved	NA
34	Kejriwal Integrated Textile Park Pvt. Ltd	Gujarat	2011	Not Functional	NA
35	Khed Textile Park (KTP)	Maharashtra	2011	Cancelled	NA
36	Kishangarh Hi-Tech Textile Park Ltd	Rajasthan	2006	Functional	Weaving, Sizing
37	Komarapalayam Hi-Tech Weaving Park	Tamil Nadu	2006	Functional	Weaving, Warping
38	Latur Integrated Textile Park (LTP)	Maharashtra	2008	Not Functional	Garmenting

S. No	Park	State	Year of sanction	Current Status	Current Activities
39	Lotus Integrated Texpark Limited	Punjab	2007	Functional	Knitting, Garmenting
40	Ludhiana Integrated Textile Park Ltd.	Punjab	2008	Functional	Garmenting
41	Madhav Industrial Park Ltd.	Gujarat	2014	Cancelled	NA
42	Madurai Integrated Textile Park Ltd	Tamil Nadu	2007	Functional	Knitting, Garmenting, Made-up
43	MAS fabric Park (India) Pvt. Ltd.	AP	2008	Functional	Garmenting
44	Metro Hi-Tech Co-Operative Textile Park Ltd.	Maharashtra	2006	Functional	Weaving, Knitting, Processing
45	Mundra SEZ Integrated Textile and Apparel Park Pvt. Ltd	Gujarat	2006	Functional	Technical Textile, Garmenting
46	NextGen Textile Park Pvt. Ltd	Rajasthan	2007	Not Functional	NA
47	NSP Infrastructure Pvt. Ltd.	Gujarat	2014	Recently Approved	NA
48	Palladam Hi-Tech Weaving Park	Tamil Nadu	2006	Functional	Weaving, Garmenting, Non-woven
49	Pallavada Technical Textiles Park Pvt Ltd	Tamil Nadu	2011	Not Functional	Weaving, Garmenting
50	Palsana Textile Park Pvt. Ltd.,	Gujarat	2014	Recently Approved	NA
51	Perarignar Anna Handloom Silk Park Pvt. Ltd	Tamil Nadu	2010	Not Functional	NA
52	Pochampally Handloom Park Ltd.	Telangana	2006	Functional	Weaving
53	Prag Jyoti Textile Park Pvt. Ltd.	Assam	2014	Recently Approved	NA
54	Pride India Co-op. Textile Park Ltd.	Maharashtra	2006	Functional	Weaving, Processing, Garmenting
55	Progressive Integrated Textile Park Pvt. Ltd.	Punjab	2015	Cancelled	NA
56	Purna Global Textiles Park Limited	Maharashtra	2008	Functional	Weaving, Ginning & Pressing
57	Rangaraya Textile Park Pvt. Ltd.	AP	2014	Cancelled	NA
58	Rhythm Textile & Apparel Park Ltd	Punjab	2008	Functional	Knitting, Garmenting, Reprocessed fabric
59	RJD Integrated Textile Park Ltd.	Gujarat	2008	Functional	Weaving, Texturizing, Garmenting

S. No	Park	State	Year of sanction	Current Status	Current Activities
60	S.L.S Textiles Park Pvt Ltd	Tamil Nadu	2011	Cancelled	NA
61	Satyaraj Integrated Textile Park Pvt. Ltd.	Maharashtra	2014	Recently Approved	NA
62	Sayan Textile Park Ltd.	Gujarat	2008	Functional	Weaving, Embroidery, Texturizing,
63	Shanti Integrated Textile Park Pvt. Ltd.	Gujarat	2014	Recently Approved	NA
64	Shree Ganesh Integrated Textile Park Pvt. Ltd.	Maharashtra	2015	Recently Approved	NA
65	SIMA Textile Processing Centre Ltd	Tamil Nadu	2007	Not Functional	NA
66	Srinath Integrated Textile Park	Rajasthan	2012	Not Functional	NA
67	Sunderrao Solanke Co-operative Textile Park-Creative Group	Maharashtra	2011	Cancelled	NA
68	Surat Super Yarn Park Limited	Gujarat	2006	Functional	Texturizing
69	Tarakeswara Textile Park Private Limited	AP	2015	Recently Approved	NA
70	Vraj Integrated Textile Park Ltd.	Gujarat	2006	Functional	Weaving, Textile packaging
71	West Bengal Hosiery Park Infrastructure Ltd.	West Bengal	2014	Recently Approved	NA
72	Whitegold Integrated Spintex Park Private Limited	Telangana	2012	Not Functional	NA

Two textile parks were approved after this study was commenced.

S. No	Park	State	Year of sanction	Current Status	Current Activities
1	Shahlon Textile Park	Gujarat	2016	Recently Approved	NA
2	Farrukhabad Integrated Textile Park	Uttar Pradesh	2016	Recently Approved	NA

4.4 State-wise Break-up

Maximum number of parks have been approved in the state of Maharashtra and Gujarat followed by Tamil Nadu. These are the states where maximum number of parks are functional as well. State wise break-up of parks sanctioned and their status is as follows:

State	Functional	Not Functional	Recently Approved	Grand Total
AP	2	1	3	**6**
Assam			1	**1**
Gujarat	7	1	6	**14**
Haryana			1	**1**
HP	1			**1**
J&K	1		1	**2**
Karnataka	1	1		**2**
MP		1		**1**
Maharashtra	7	3	4	**14**
Punjab	3			**3**
Rajasthan	3	4		**7**
Tamil Nadu	4	4		**9**
Telangana	1	1		**2**
Uttar Pradesh			2	**1**
West Bengal		1	1	**2**
Grand Total	**30**	**17**	**19**	**66**

4.5 Parks in SEZs

Following 4 parks were approved for operations in Special Economic Zones:

1. MAS fabric Park (India) Pvt. Ltd.
2. Brandix India Apparel City Private Ltd
3. Great Indian Linen & Textile Infra Structure Co. (P) Ltd
4. Mundra SEZ Integrated Textile and Apparel Park Pvt. Ltd

4.6 Cancelled Parks and Parks Applied for Cancellation

The following 11 parks were cancelled:

1. Bharat Fabtex & Corporate Park Pvt Ltd, Pali, Rajasthan
2. Vaigai HiTech weaving Park, Theni, Tamil Nadu
3. Shri Dhairyashil Mane Textile Park Co-op Society Limited, Ichalkrnaji, Maharashtra
4. Hyderabad Hi-tech Weaving Park, Hyderabad, Andhra Pradesh
5. Mewar Integrated Textiles Park, Bhilwara, Rajasthan
6. Rajasthan Integrated Apparel City, Bhiwadi, Rajasthan
7. Birla Integrated Textile Park, Amaravati, Maharashtra
8. Kagal Industrial Textiles Technology Park, Kolhapur, Maharashtra
9. Lepakshi Integrated Textile Park, Anantpur, Andhra Pradesh
10. Edison Integrated Textiles Park, Agartala, Tripura

11. Shri Lakshmi Cotsyn Ltd., Kanpur, UP

The major reason behind cancellation of these parks were related to land - delay in conversion, clearances, disputed lands and non-availability of land. Sanctioning delays and differences between SPV members were other reasons that led to park cancellation

Park wise reason of cancellation are provided in Annexure 14

In addition, following 8 parks had applied for cancellation during the course of study and have been cancelled:

1. Avantika Textile Parks Ltd, Telangana
2. Khed Textile Park (KTP), Maharashtra
3. JVL Textile Park Pvt. Ltd., Bihar
4. Madhav Industrial Park Ltd., Gujarat
5. Progressive Integrated Textile Park Pvt. Ltd., Punjab
6. Rangaraya Textile Park Pvt. Ltd., Andhra Pradesh
7. Sunderrao Solanke Co-operative Textile Park-Creative Group, Maharashtra
8. S.L.S Textiles Park Pvt. Ltd., Tamil Nadu,

Apart from park no. 2, 7 and 8; the other five are the ones which were approved recently. This implies that almost 25% of recently approved parks (5 out of 22) have applied for cancellation. The major reason for these application for cancellation is that the investors have changed their mind to invest in wake of uncertain market conditions.

Park wise reasons for application for cancellation are provided in Annexure 14

4.7 Status of Government Grant Released

Out of 72 parks, 19 parks have taken the entire Government grant so far. 12 parks are yet to take even the first installment but 5 out of those have applied for cancellation. Detailed status of payment milestones reached and operational status of park is as follows:

Status→ / **Payment Milestone**	**Functional**	**Not Functional**	**Applied for cancellation**	**Recently Approved**	**Total**
No grant released		1	5	6	**12**
1st Installment released		9	3	10	**22**
2nd Installment released	2	3		1	**6**
Last installment pending	10	3			**13**
All grant released	18	1			**19**

Total	**30**	**17**	**8**	**17**	**72**

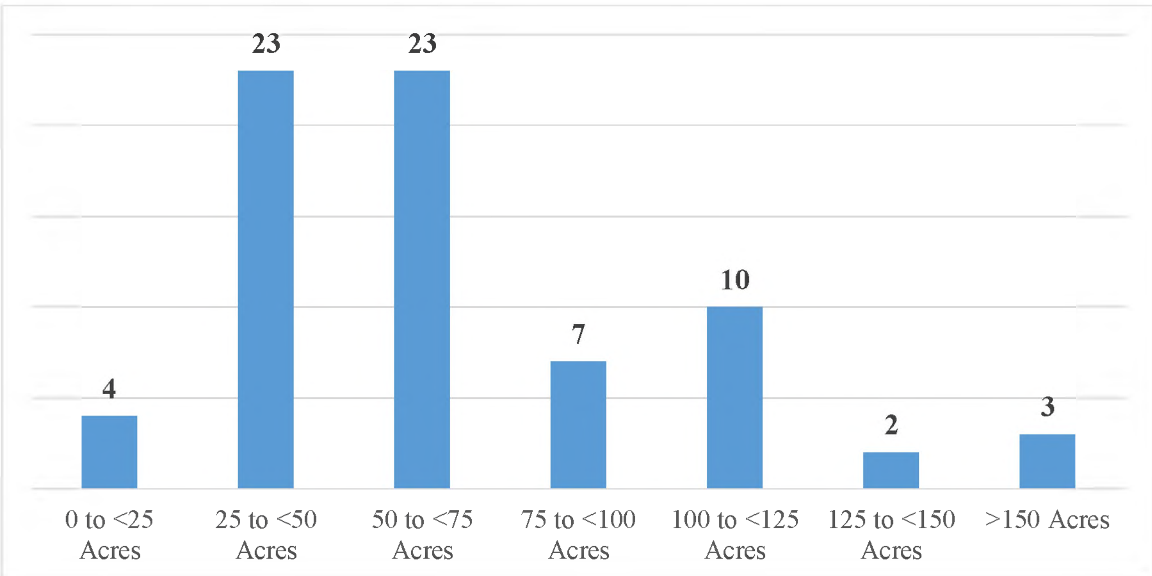
There are 37 parks which were supposed to take entire grant by FY 2015-16, out of which only 18 have done so. The payment milestone status of rest 19 delayed parks is as follows:

Status→ / **Payment Milestone**	**Functional**	**Not Functional**	**Total**
1st installment released		5	**3**
2nd installment released	2		**2**
Last installment pending	9	3	**11**
Total	**11**	**8**	**19**

The key reasons of delay of parks are analysed in-depth in Chapter 7 and park-wise reasons of delay are tabulated in Annexure 10. It can be observed that in maximum cases the reason is delay in approvals from State Governments. In addition, SPV members' internal dissension and lack of funds with SPVs are the other major reasons.

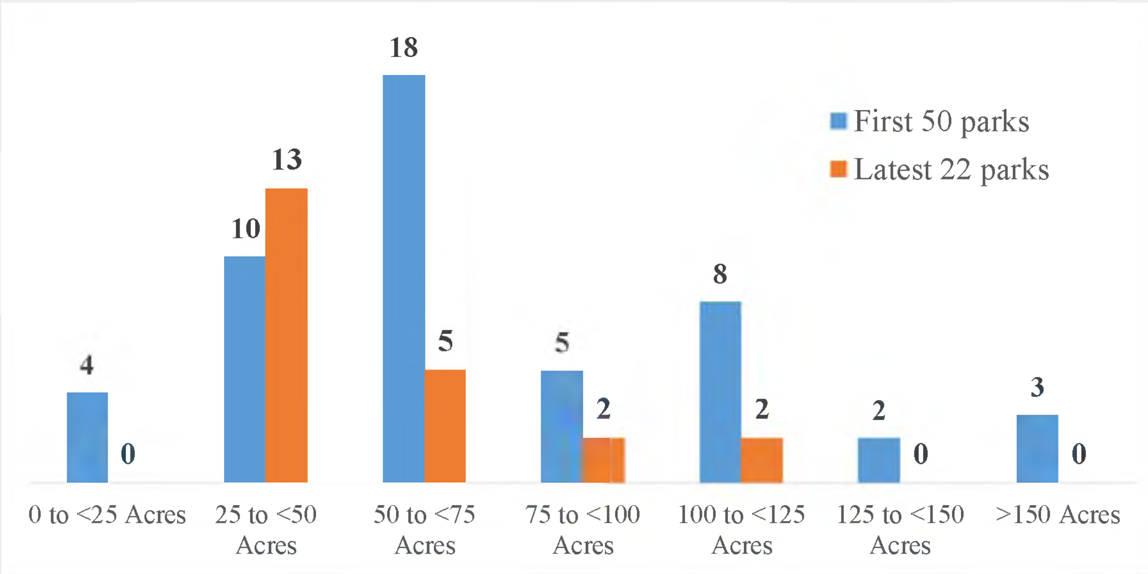
4.8 Size of Parks

Most of the approved 72 parks have an area from 25 to 75 Acres while the larger parks are only three viz. Brandix India Apparel City (1,000 acres), MAS Fabric Park (India) Pvt. Ltd. (582 acres) and SIMA Textile processing Centre Ltd. (248 Acres). The size wise break-up of 72 textile parks is as follows:



It is also worthwhile to mention that in recent times; only smaller parks have come up. The average size of first approved 50 parks was 98 acres Even if the largest parks of Brandix and

MAS parks are excluded, the average size comes to 69 acres. In comparison, the average size of later approved 22 textile parks is only 52 acres. Comparative size wise break-up of previously approved 50 parks and latest 22 approved parks is as follows:



4.9 Occupancy Rate and Functional Units in Parks

The occupancy rate of functional 30 parks is as follows:

Functional units^→ / Occupancy rate*	0 to <25%	25 to <50%	50 to <75%	75 to <100%	100%	**Total**
0 to <25%	4					**4**
25 to <50%		4		1		**5**
50 to <75%		1	6			**7**
75 to <100%		1	2	1		**4**
100%		1	2	3	4	**10**
Total	**4**	**7**	**10**	**5**	**4**	**30**

* *Occupancy rate = Number of Units allotted to Total Planned Units x 100*

^ *Functional units = Number of Units functional to Total Planned Units x 100*

Fully functional 4 parks are:

1. Gujarat Eco Textile Park Ltd., Surat, Gujarat
2. Deesan Infrastructure Pvt. Ltd., Dhule, Maharashtra
3. Karur Textile Park Ltd, Karur, Tamil Nadu
4. Palladam Hi-Tech Weaving Park, Tirupur, Tamil Nadu

4.10 Positioning of Indian Textile Parks Vis-à-vis International Parks/clusters

A comparison and benchmarking of Indian textile parks with international parks / clusters on key aspects is given below:

Parameter	Remarks
Size	Indian textile parks vary in size from smaller ones of less than 25 acres to large ones exceeding 1,000 acres. Internationally, the parks are not less than 100 acres.
Activity	Some of the parks in India are dedicated to a single value chain activity e.g. weaving while some others have presence of 2 or more activities. Very few park are fully integrated (from fibre to finished goods). Internationally most of the parks and zones have been supported to develop entire value chain and support services around a single product category say socks, sweaters, etc. In such parks, apart from the presence of all steps of manufacturing value chain, special thrust is given to ensure that logistics, financial services, utilities, marketing centres, etc. are also available and run by private agencies.
Implementation model	In India, the Park development has been support in PPP mode wherein a SPV is provided financial support to create common infrastructure; where its members then invest for manufacturing units. The Government support under SITP is limited to creation of infrastructure inside the park as the infrastructure outside the park is a State Government subject. Internationally, this model is also present (for e.g. in Italy and Turkey) while the other, more widely functioning model is where the Government develops common infrastructure in the parks and then industry invests in them (similar to State Government developed industrial parks in India). This model is being followed in China and Ethiopia.
Marketing	The SITP does not support SPV in Park or product marketing. Internationally, marketing is a key thrust area for textile parks and zones not only in the country but overseas as well. Country's investment promotion agency prominently lists its parks as an investment destination on its website & other marketing material and visits of international investor delegation is prioritized to these parks. Some countries (such as Vietnam and Ethiopia) are now promoting their industrial parks abroad through roadshows and emailing campaigns.

5 Impact of SITP

5.1 Production in Different Segments across the Value Chain

Segment wise manufacturing output of 30 functional parks is estimated as such:

Product	Output from Parks	Total Production 2015-2016	% Share
Yarn (tons/annum)	14,000	6,829,000	0.2%
Woven Fabric (Mn. Sq. m/annum)	825	47,858	1.7%
Knitted Fabric (mn sq. mtr/annum)	155	17,647	0.9%
Garment (Mn. Pcs/annum)	140	21,667	0.6%

Apart from above major products, textile parks also have units producing technical textiles like nonwoven fabric, bandages, flex banner, sacks roll, mops, labels, zips, elastics, ginning and processing, etc.

At an overall level, the Scheme has helped woven segment the most increasing its production, followed by garmenting segment.

5.2 Reduction in Delay in Supply Chain and Cost of Production

As per the scheme design, SITP should have fostered development of supply chain linkages and reduction in the cost of production by leveraging backward and forward integration in the value chain. From the study of proposed parks and interaction with various SPVs, it has been observed that even though most of the approved parks had conceptualized, designed and planned for value chain integration for at least 2-3 steps yet very few parks have been able to implement the same. The major reasons for this are:

- **Most of the operational parks are partially functional -** Till date, out of 30 functional parks, only 4 parks are fully functional while the rest are still looking for investors. Since most of the parks are partially functional, they have not been able to achieve the integration in real sense.
- **Lack of coordination among the units in the park -** Even though units of different value chain steps are present in a park but they are mostly not integrated with each other. In many instances, products being manufactured by upstream units are not of the type required by the downstream ones while in some instances the upstream units are unable to meet the downstream demands.
- **Inability to attract the right investors -** SPVs are facing difficulty in attracting the investor as per their vision and planning. In India, every region has the ecosystem suited of certain kind of manufacturing activity. SPVs are finding it difficult to mobilize the investors to diversify into new segments whose ecosystem is currently not present. In order to increase occupancy few SPVs thus allowed units different that that proposed ones resulting in distortion of envisaged integration in the value chain.

However, parks like Brandix India Apparel City Private Ltd, Madurai Integrated Textile Park Ltd and Islampur Integrated Textile Park are the ones which have been able to achieve significant level of value chain integration and thus reduction in delay supply chain while most of the others have not been able to do so far.

Apart from value chain integration, it was envisaged that improved technology and skilling of workers would lead to reduction in cost of production. However, no park has explicitly reported reduction in cost of production. The reason lies in failure to lack of economies of scale, as well as lack of collective approach in raw material sourcing and marketing. On the contrary, the cost of manufacturing inside the park is a tad higher than outside as discussed below:

In a textile park there are three cost components which are different from an industrial zone in vicinity viz. land cost, maintenance cost and manpower cost. Each of these cost factors are discussed below:

1. Land cost – From the feedback received from the units, it has emerged that the land cost in parks is more expensive than outside, usually to an extent of 2 to 2.5 times.

   Reason: In the textile park, 40% to 50% of the land is not available to be leased out because of requirement of open space (generally 10%), internal roads (generally 20%) and common infrastructure (generally 15% - 20%). The SPVs hence recover the cost of land and common infrastructure from the balance 50 to 60%, increasing the price. This kind of cost loading is not there in State developed industrial zones.
   The cost increase is further accentuated because only certain part of the factory plat can be utilized for construction. In individual plots, there are specific ground coverage and floor area norms to be followed which vary from state to state. For instance, in a plot size of 10 Acres only 50% can be covered as per Maharashtra State Government rules. Such norms for 5 states viz. Maharashtra, AP, Gujarat, Haryana and West Bengal are provided in Annexure 15.

   In addition to this, the building construction cost inside the park was reported to be higher by about 10% than outside as the construction inside parks needs to undergo proper tender procedure and formal grant mechanisms.

   Impact on product costing: The higher cost of land and building do not impact the product costing significantly. The project cost is funded through a mix of debt and equity and the direct impact on costing is visible through annual financial charges which are not increased appreciably, as shown below:

	A (Outside Park)	**B (Inside Park)**	**Unit**
Project	Processing unit	Processing unit	
Production capacity	21	21	Mn m per annum
Land required	10	10	Acres
Cost of land	8	20	Rs. Lakhs / Acre
Construction cost per sq. ft.	10,350	11,500	Rs. / Sq. ft.
Built-up area	20,000	20,000	Sq. Ft.
Project cost:			
Machinery	17	17	Rs. Crore
Land	0.8	2	Rs. Crore
Building	20.7	23	Rs. Crore

PPOE	4.3	4.5	Rs. Crore
Other misc. @ 5%	2.1	2.3	Rs. Crore
Total	45	48.8	Rs. Crore
Debt (70%)	31.5	34.2	Rs. Crore
Annual interest @12% (simple interest considered for calculation purpose)	3.8	4.1	Rs. Crore
Extra annual interest inside park		32.3	Rs. Lakhs
Extra fabric cost inside park*		**0.15**	Rs. / m

*The extra fabric cost has been calculated by dividing the extra annual interest by total fabric production.

2. Maintenance cost: Maintenance cost (or user fee) charged in textile park typically varies from Rs. 3 to 3.5 per square meter per month which accounts for about an annual fee of Rs. 15 lakhs for a 10-acre plot. On the other hand, a comparable size unit outside the park reported that they spend almost Rs. 5-5.5 lakhs annually on their general maintenance. Using the same project example provide above, the calculation is:

	A (Outside Park)	B (Inside Park)	Unit
Project	Processing unit	Processing unit	
Land size	10	10	Acres
	40,469	40,469	Sq. m
Monthly Maintenance charges		3	Rs./ Sq. m. /month
Annual maintenance cost	5.5	14.57	Rs. Lakhs
Extra Annual maintenance cost inside park		9.07	Rs. Lakhs
Extra fabric cost inside park		0.04	Rs. /m

3. Manpower cost: As discussed in section 5.5, the manpower Cost to the Company (CTC) inside the textile parks is higher to the tune of 5% to 8% compared to outside mainly due to compliance of statutory dues. The fair wages and dues payable as per the law of land cannot be treated as a negative impact on product costing.

As a result, there is very limited impact of SITP on reduction in delay in supply chain and reduction cost of production.

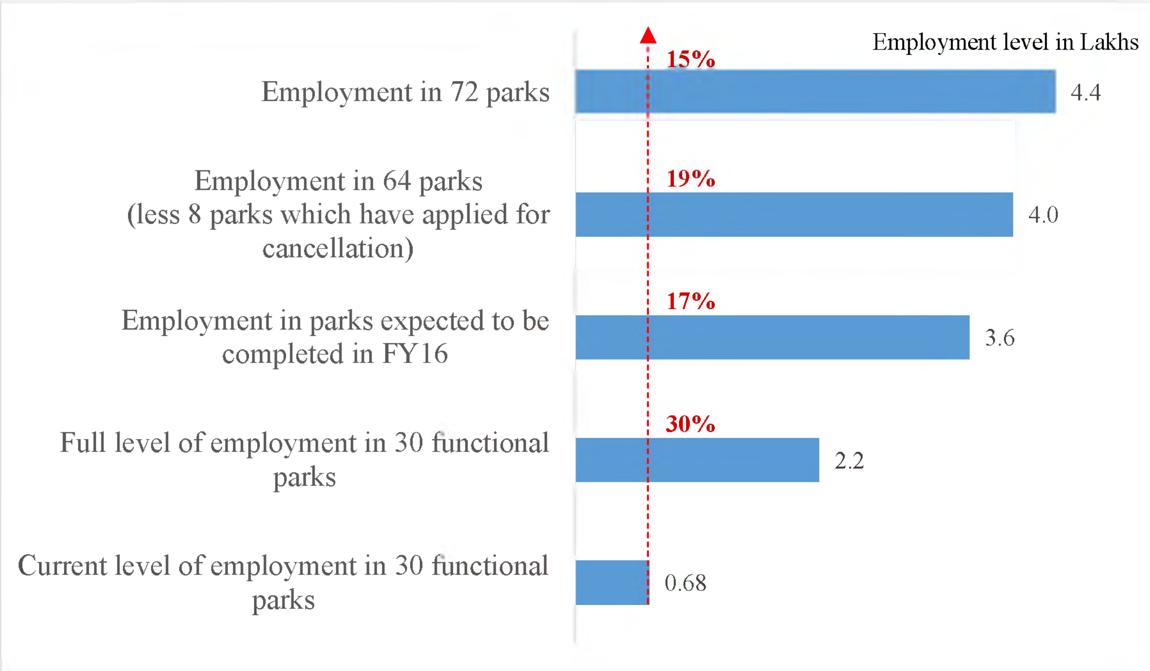
5.3 Employment Generation

Following are some of the key facts and figures on the employment generation under SITP:

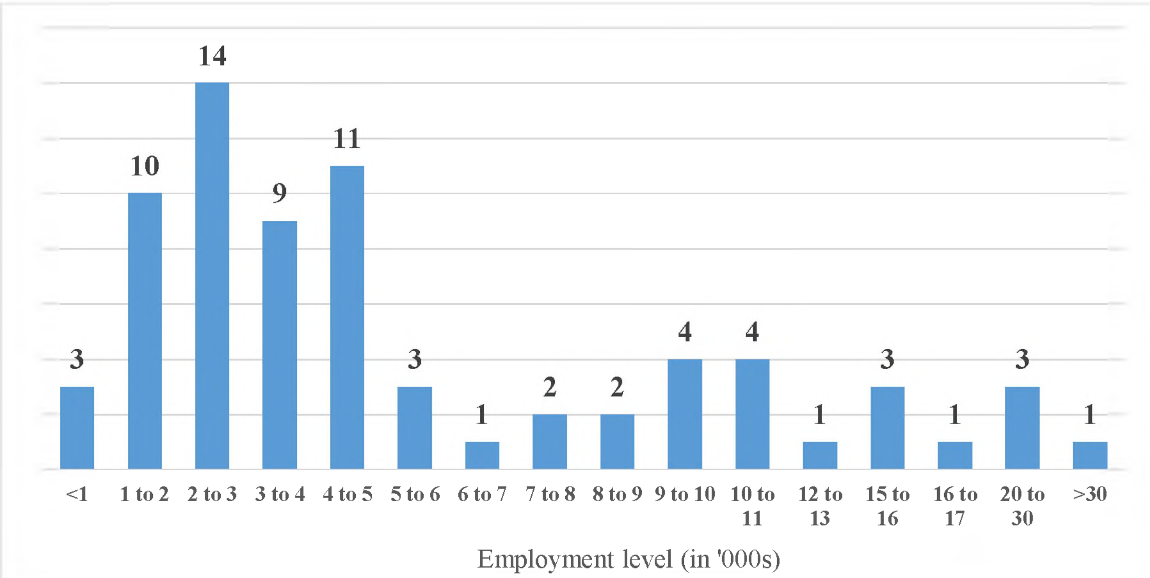
a. The total employment generation envisaged in sanctioned 72 parks is approximately 4.4 lakhs as per the approved DPRs.
b. Excluding the 8 parks that have applied for cancellation, the employment potential of remaining 64 parks is approximately 4 lakhs.

c. The current employment level in 30 functional parks is around 68,000 while the expected level when they are fully operational is approximately 2.2 lakhs.
d. As per the approved DPRs, the parks which should have been completed by FY16 should have created an employment level of approximately 3.6 lakhs

As seen from the below chart, the level of employment created so far is quite low compared to the original plans:



A further analysis of original plans of parks indicate that most of the parks have a capacity of generating employment less than 5,000 persons. The employment wise break-up of 72 textile parks is as follows:



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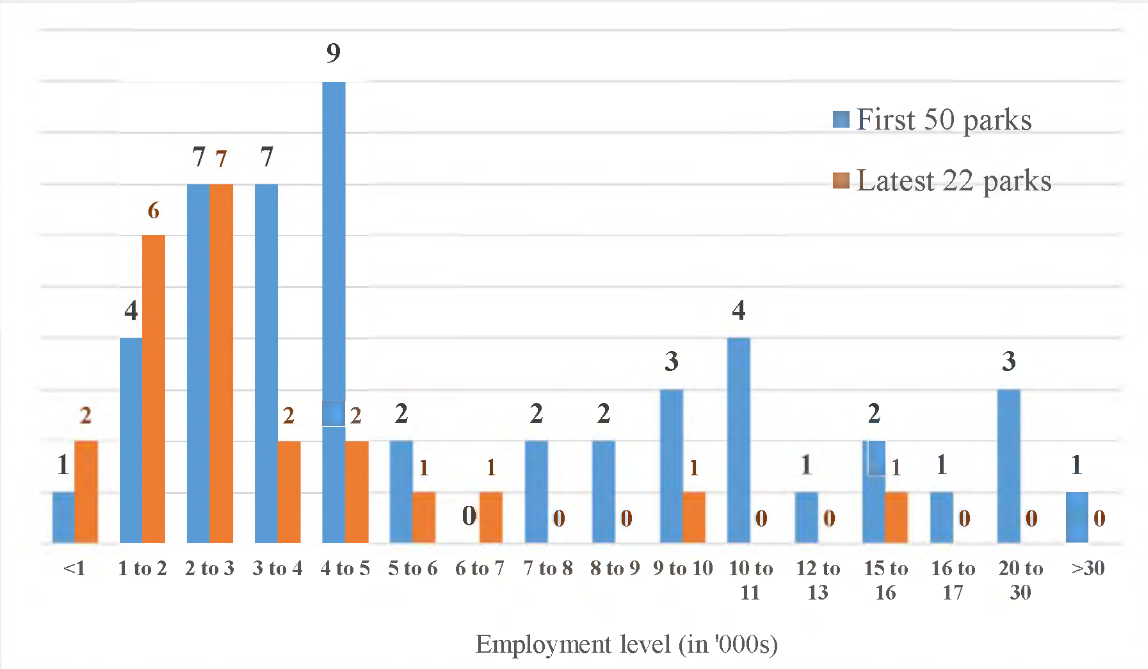
There is only one park which has planned to employ more than 30,000 persons viz. Brandix India Apparel City (60,000 persons). However, the current level of employment is 17,000 only. The park is FDI investment and also the largest park in terms of area.

It has also been observed that in recent times; parks with lower employment generation capacity have come up. Comparative employment generation capacity break-up of previously approved 50 parks and latest 22 approved parks is as follows:



Based on the statistics published on the website of Office of Textile Commissioner[23], the projected employment in 2016 in segments[24] relevant to textile parks is approximately 1.5 crores[25]. Based on this, the contribution of textile parks in the overall employment in the industry is approximately 0.5%.

5.3.1 Employment Generation from 30 Operational Parks to study what was targeted and what has been achieved

Out of the total 30 functional parks, only a few parks were able to achieve their targeted employment. There are also instances where parks are fully occupied and functional, but have very low employment level. The summary of the 30 functional parks along with their status has been shown below.

[23] Web link: http://txcindia.gov.in/html/employment_textile%20Mar06.htm
[24] Relevant segments: Organized mills, MMF segment, knitting, processing and garment manufacturing
[25] Calculation is provided in Annexure 5

S. No.	Park name	State	Targeted Employment	Occupancy Rate	Expected Employment	Actual Employment	% Actual Achievement
1	Asmeeta Infratech Ltd	Maharashtra	23,913	25%	5,978	260	4%
2	Baramati Hi-Tech Textile Park Limited	Maharashtra	5,000	100%	5,000	3,000	60%
3	Brandix India Apparel City Private Ltd	Andhra Pradesh	60,000	46%	27,600	17,057	62%
4	Deesan Infrastructure Pvt. Ltd.	Maharashtra	1,758	100%	1,758	1,676	95%
5	Dodballapur Integrated Textile Park Limited	Karnataka	2,000	84%	1,674	500	30%
6	Fairdeal Textile Park Pvt. Ltd.	Gujarat	2,900	63%	1,837	1,003	55%
7	Gujarat Eco Textile Park Ltd.	Gujarat	9,000	100%	9,000	10,370	115%
8	Himachal Textile Park Ltd	Himachal Pradesh	2,200	65%	1,430	1,694	118%
9	Islampur Integrated Textile Park	Maharashtra	10,000	70%	7,000	1,970	28%
10	J&K Integrated Textile Park Ltd.	Jammu & Kashmir	2,508	23%	577	85	15%
11	Jaipur Integrated Texcraft Park Pvt. Ltd. (JITPPL)	Rajasthan	4,400	80%	3,520	520	15%
12	Jaipur Texweaving Park Ltd.	Rajasthan	3,000	46%	1,375	450	33%
13	Karur Textile Park Ltd	Tamil Nadu	3,500	100%	3,500	2,500	71%
14	Kishangarh Hi-Tech Textile Park Ltd	Rajasthan	2,175	79%	1,727	400	23%
15	Komarapalayam Hi-Tech Weaving Park	Tamil Nadu	1,500	100%	1,500	1,250	83%
16	Latur Integrated Textile Park (LTP)	Maharashtra	3,000	70%	2,100	5	0%
17	Lotus Integrated Texpark Limited	Punjab	1,210	100%	1,210	1,022	84%

S. No.	Park name	State	Targeted Employment	Occupancy Rate	Expected Employment	Actual Employment	% Actual Achievement
18	Ludhiana Integrated Textile Park Ltd.	Punjab	17,000	9%	1,530	600	39%
19	Madurai Integrated Textile Park Ltd	Tamil Nadu	2,500	94%	2,361	2,750	116%
20	MAS fabric Park (India) Pvt. Ltd.	Andhra Pradesh	15,000	6%	938	500	53%
21	Metro Hi-Tech Co-Operative Textile Park Limited	Maharashtra	8,150	100%	8,150	2,655	33%
22	Mundra SEZ Integrated T&A Park	Gujarat	3,077	64%	1,958	800	41%
23	Palladam Hi-Tech Weaving Park	Tamil Nadu	2,500	100%	2,500	2,500	100%
24	Pochampally Handloom Park Ltd.	Telangana	2,000	10%	200	500	250%
25	Pride India Co-op. Textile Park Ltd.	Maharashtra	12,500	100%	12,500	9,080	73%
26	Purna Global Textiles Park Limited	Maharashtra	3,000	50%	1,500	1,650	110%
27	Rhythm Textile & Apparel Park Ltd	Punjab	8,000	50%	4,000	540	14%
28	RJD Integrated Textile Park Ltd.	Gujarat	4,270	31%	1,320	1,200	91%
29	Sayan Textile Park Ltd.	Gujarat	3,155	100%	3,155	340	11%
30	Vraj Integrated Textile Park Ltd.	Gujarat	4,500	52%	2,357	1,000	42%
	Total		**223,716**		**119,255**	**67,877**	**57%**

From the above table, it can be concluded that the expected employment from the 30 functional parks based on their occupancy rate was 119,255 people while the actual employment generated is 67,877 people; which means that the parks have been able to achieve 57% of their employment targets.

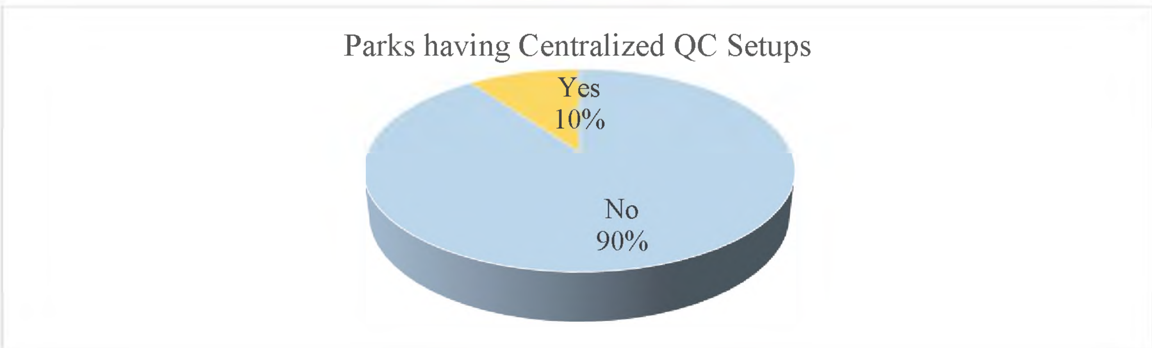
The primary reasons for underachievement of employment levels are:

i. There are several units in the textile parks which have not set up their plants in full capacities. Many units are still in the initial phase of development because of which the manpower recruitment has also been low.
ii. The overall market dynamics is low because of which even the functional units have set low production targets. The low production targets proportionately creates an impact on manpower requirement because of which employment targets have not been fulfilled.

5.4 Quality Management and Environmental Compliance

Quality Management

Out of 30 functional parks, only 3 parks have developed a centralized Quality Control (QC) setup viz. Lotus Integrated Textile Park, Fairdeal Textile Park Private Limited and Purna Global Textiles Park Limited.



It is however important to state that textile units prefer to have an in-house QC set-up for immediate testing, reporting and correction purpose. The instances when they venture out for is a) when a specific testing equipment is very expensive (e.g. HVI) to be installed or b) when the buyer requires a third party testing or certification from an accredited agency. But none of the parks has presence of accredited private testing labs such as ITS, SGS, Bureau Veritas, etc. Hence, having a centralized QC in-principle is only a viable proposition if it has proper buyer accreditation or if there is a single large investor in textile park.

Environmental Compliance

Most of the parks have done appreciably well to ensure environmental compliance. Part credit of such compliance goes to stringent norms given in the Scheme itself. An analysis of 30 functional parks shows that following infrastructure has been established to ensure environmental compliance:

Infrastructure	No. of Functional Parks
Sewage Treatment Plant (STP)	20
Centralized Effluent Treatment Plant (CETP)	12
Rain water harvesting[26]	4
Use of wind and solar energy for power generation[27]	3
Storm water drainage[28]	3
Integrated waste management facility[29]	2
Green Building Concept[30]	2
Controlling air TDS through fiber deposition plants[31]	1
Incineration[32]	1
Maintaining higher green belts than the norms	7

The other parks under implementation have also focused on environmental compliances as evident from following table:

Infrastructure	Under Construction	Planned
Sewage Treatment Plant (STP)	20	5
Centralized Effluent Treatment Plant (CETP)	4	7
Rain Water Harvesting	4	3
Storm Water Drainage	4	1
Use of wind and solar energy for power	1	0
Green Building Concept	1	0
Maintaining higher green belts than the norms	1	0
Greenbelt	0	1
Integrated waste management facility	0	1

Overall, SITP had no major impact on the quality management systems but a very positive impact on improving environmental compliance of the textile sector.

5.5 Improvement in Working Conditions and Wages of Workers

Working Conditions - Textile parks are well planned zones which have contributed significantly in improving the working conditions of the workers as compared to the traditional set-ups in Indian industry which are mostly decentralized. Several parks are providing welfare support as well to the workers. Following are some of the examples that have helped improve the working conditions in the textile parks:

- Canteen

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[26] Karur Textile Park Ltd., Madurai Integrated Textile Park Ltd., Jaipur Integrated Texcraft Park Pvt. Ltd. and J&K Integrated Textile Park Ltd.
[27] Karur Textile Park Ltd., Madurai Integrated Textile Park Ltd. and Jaipur Integrated Texcraft Park Pvt. Ltd.
[28] Gujarat Eco Textile Park, Jaipur Integrated Texcraft Park Pvt. Ltd. and J&K Integrated Textile Park Ltd.
[29] Karur Textile Park Ltd. and Madurai Integrated Textile Park Ltd.
[30] Madurai Integrated Textile Park Ltd. and Purna Global Textiles Park Ltd.
[31] Lotus Integrated Texpark Ltd.
[32] Brandix India Apparel City

- Crèche
- Primary healthcare facility
- Banking services within the park
- Use of heat resistant glasses in windows and ventilators, etc.
- Construction of *'green'* buildings that allows very low heat penetration

Infrastructure	No. of Functional Parks
Worker Hostel	10
Canteen	11
Creche	5
Recreational Facilities	2
Primary Health Care Facilities	6
Banking Services	1

The other parks under implementation have also focused on improving working conditions as evident from following table:

Infrastructure	Under Construction
Worker Hostel	11
Canteen	11
Crèche	4
Recreational Facilities	9
Primary Health Care Facilities	2
Banking Services	1

Few pictures of some textile parks are given ahead which shows the welfare infrastructure and general working environment in the parks.

Healthcare Facility at Palladam Park

Worker's Hostel at Sayan Textile Park

Canteen at Kishangarh High Tech Park

Green Belt at Karur Textile Park

Creche at Madurai Park

Working Environment inside Lotus Integrated Texpark Ltd

Wages of workers – The wage information collected from various textile parks varied in nature due to the nature of skills of workers, its location, business segment, etc. Most of the SPVs have informed that there is not much difference between wages inside and outside parks, as the wages are determined by the demand-supply scenario, rather than only being in any specific zone. State-wise average wages offered inside the parks is as follow:

Park location	Wage range in Park (Rs. per month)	Min. Wage range (Rs. per month)
Andhra Pradesh	6,000 – 7,500	4,600-6,700
Gujarat	7,500 – 8,000	6,800-7,300
Himachal Pradesh	6,000 – 7,000	5,400-6,800

Park location	Wage range in Park (Rs. per month)	Min. Wage range (Rs. per month)
Karnataka	7,500 – 8,000	6,600-7,000
Maharashtra	9,000 – 12,000	3,800-5,800
Punjab	9,000 – 11,000	5,200-6,900
Rajasthan	6,500 – 9,000	5,100-5,700
Jammu & Kashmir	6,000 – 8,000	3,700-5,700

Overall, SITP had positive impact on the working conditions but no clear improvement in worker wages compared to other textile units outside the park could be established. However, it is important to state that the CTC inside the textile parks is higher to the tune of 5% to 8% compared to outside mainly due to compliance of statutory dues.

5.6 Market Share of Parks in Domestic and International Market

The sales data collected from functional textile parks indicates that they have an exports revenue of US$ 0.85 Bn. and a domestic of US$ 0.88 Bn. .The largest parks in both the markets are as such:

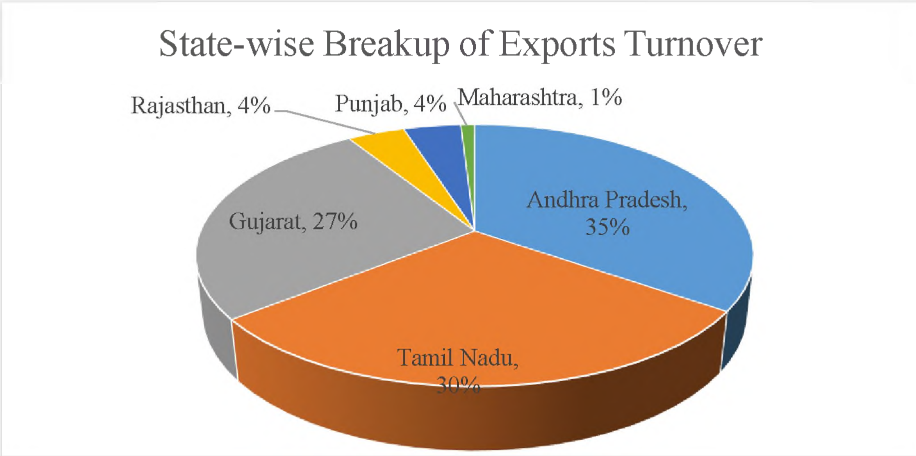
Top Exporting Parks

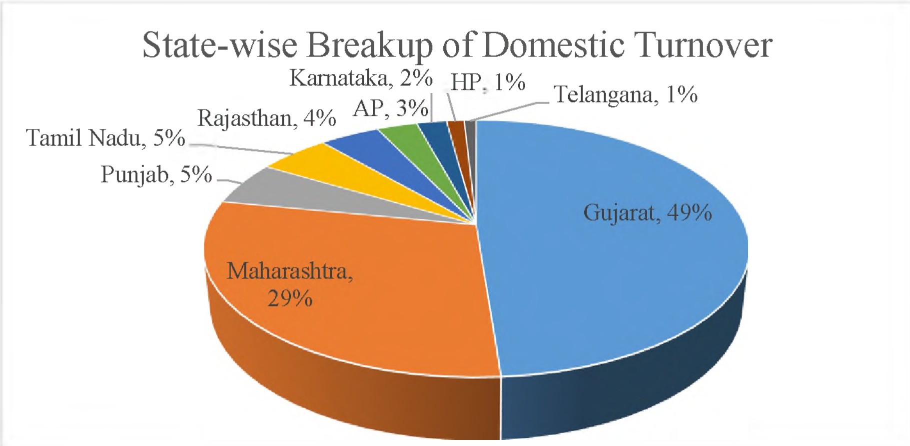
Name of the Park	Exports Turnover	
	Rs. Cr	USD Bn.
Mundra SEZ Integrated Textile and Apparel Park Pvt. Ltd	1,973	0.30
Brandix India Apparel City Private Ltd	1,784	0.27
Madurai Integrated Textile Park Ltd	385	0.06
Karur Textile Park Ltd	384	0.06
NextGen Textile Park Pvt. Ltd	200	0.03

Top Parks catering to Domestic Market

Name of the Park	Domestic Turnover	
	Rs. Cr	USD Bn.
Gujarat Eco Textile Park Ltd.	1,600	0.25
Fairdeal Textile Park Pvt. Ltd.	1,100	0.17
Islampur Integrated Textile Park	885	0.14
Baramati Hi-Tech Textile Park Limited	500	0.08

The state-wise break-up of exports and domestic market turnover from textile parks is as follows:





Indian's textile and apparel exports were around US$ 42 Bn. in 2014-15 while the domestic market is estimated to be US$ 76 Bn. Hence, textile parks have an approximate share of 1.2% in domestic market and 2.0 % in the export market

5.7 Summary - Impact of SITP on Investment, Revenue and Employment in the Sector

The key parameters of investment, revenue and employment generated in the functional parks so far is analysed below:

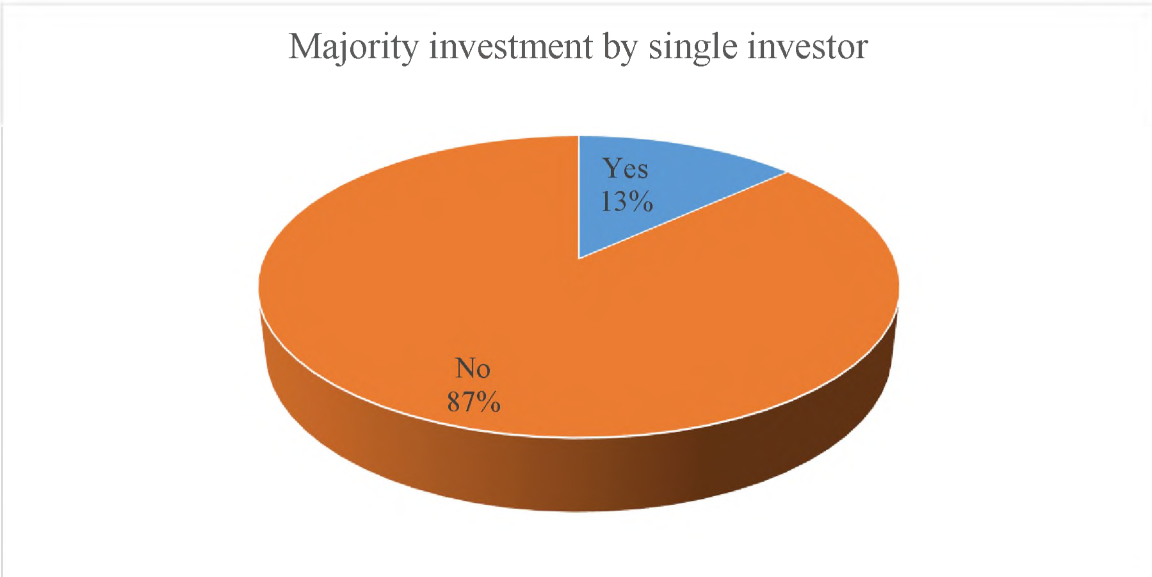
Parameter	Value	Remarks
Grant released	Rs. 961 crore	
Investment achieved	Rs. 7,628 crore	One crore of grant under SITP has resulted in investment of Rs. 7.9 crores
Exports Turnover	Rs. 5,557 crore	SITPs have a share of 2.0% in India's total T&A exports of US$ 42 bn. (2014-15)
Domestic Turnover	Rs. 5,739 crore	SITPs have a share of 1.2% in India's domestic T&A market of US$ 76 bn.
Total Turnover	Rs. 11,496 crore	One crore of grant under SITP has resulted in sector output equivalent to of Rs. 12 crores per annum, and Turnover to investment ratio in the parks is 1.5:1
Employment	67,877	One crore of grant under SITP has resulted in generation of 71 jobs in the sector.

6 Assessment of Success of SITP in Fulfilling its Objectives

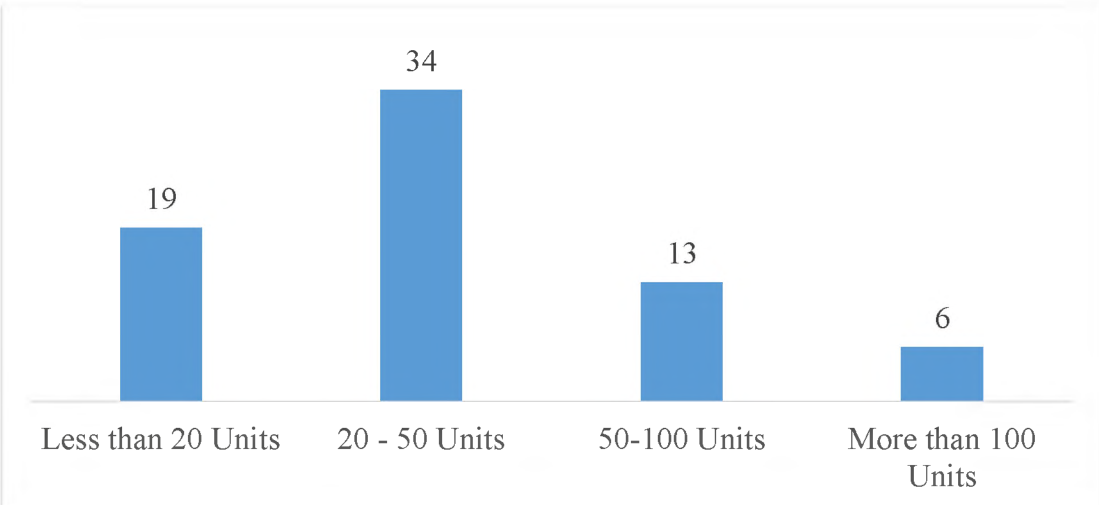
6.1 Intended Clusterization

Clusterization can be said to be achieved if there are large number of investors and large number of units operating within the park.

Out of the 30 functional parks, only 4 have majority investment by single investor. Hence, most of parks are diversified in terms of number of investors.



However, it is observed that many parks have actually planned very few units as shown in figure below:



More than 70% of parks have planned less than 50 units in their premises. On top of it the present occupancy level of most of the parks is far from satisfactory.

Pochampally Handloom Park Ltd., Asmeeta Infratech Ltd. and RJD Integrated Textile Park ltd. that have intended to meet the objective of clusterization by planning largest number of units viz. 2,000 (number of handlooms), 599 and 579 units, respectively.

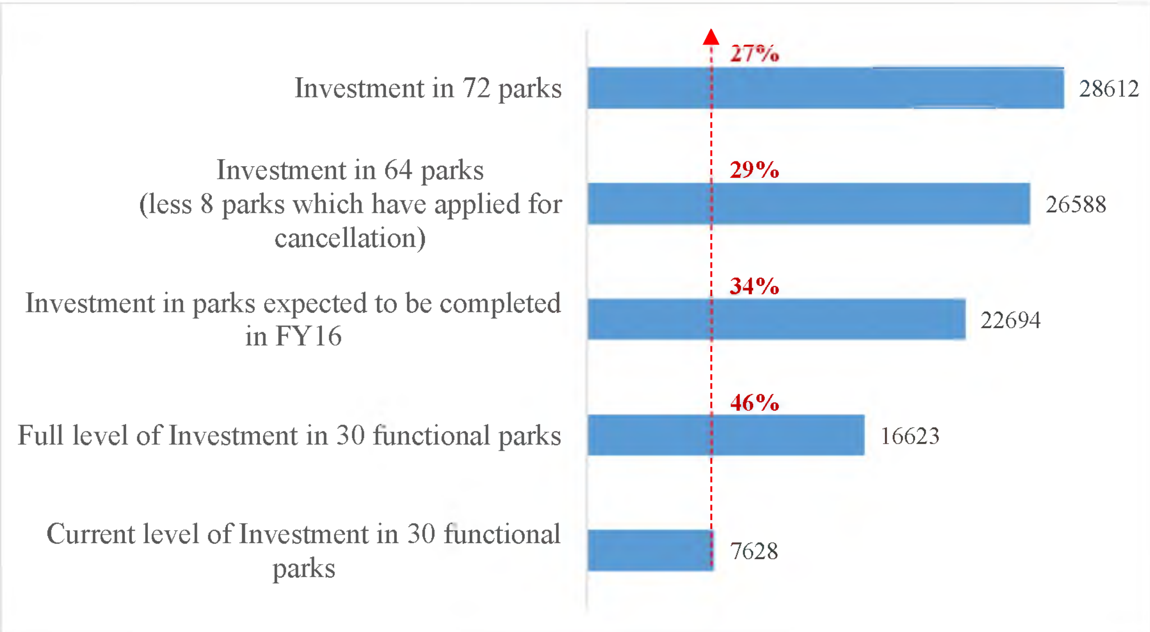
On an overall level, till date there has been the Scheme has achieved limited clusterization.

6.2 Attracting Investments in the Sector

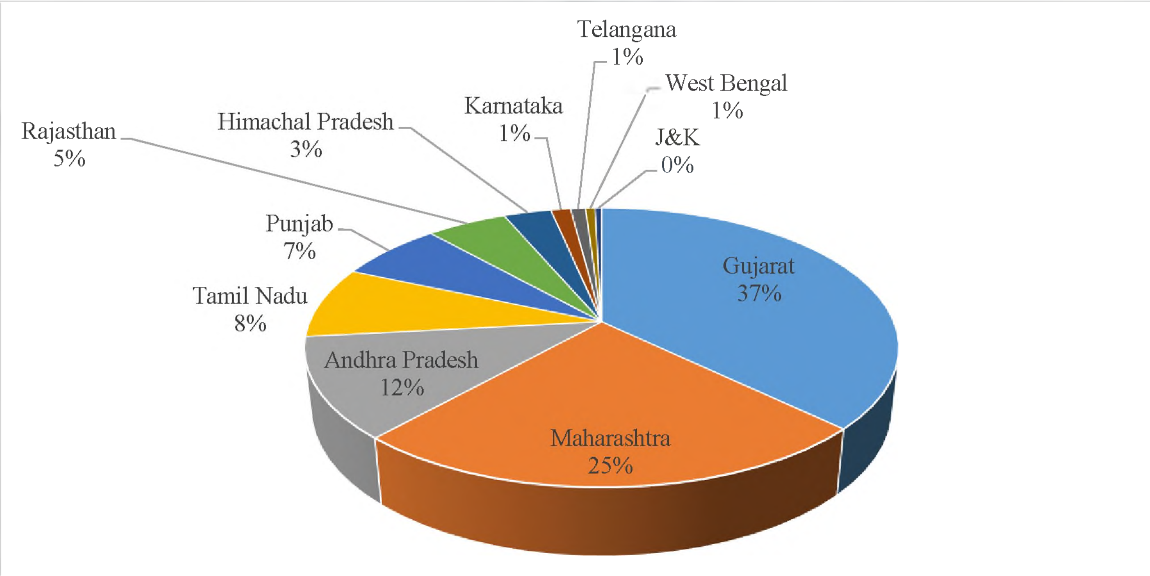
Following are the key facts and figures on the investment attracted in sector under SITP:

a. The total investment envisaged in sanctioned 72 parks is approximately Rs. 28,612 crores as per the approved DPRs.
b. Excluding the 7 parks that have applied for cancellation, the investment potential of remaining 65 parks is approximately Rs. 26,588 crores.
c. The current investment level in 30 functional parks is around Rs. 7,628 crores while the expected level when they are fully operational is approximately Rs. 16,623 crores.
d. As per the approved DPRs, the parks which should have been completed by FY16 should have attracted an investment of approximately Rs. 22,694crores

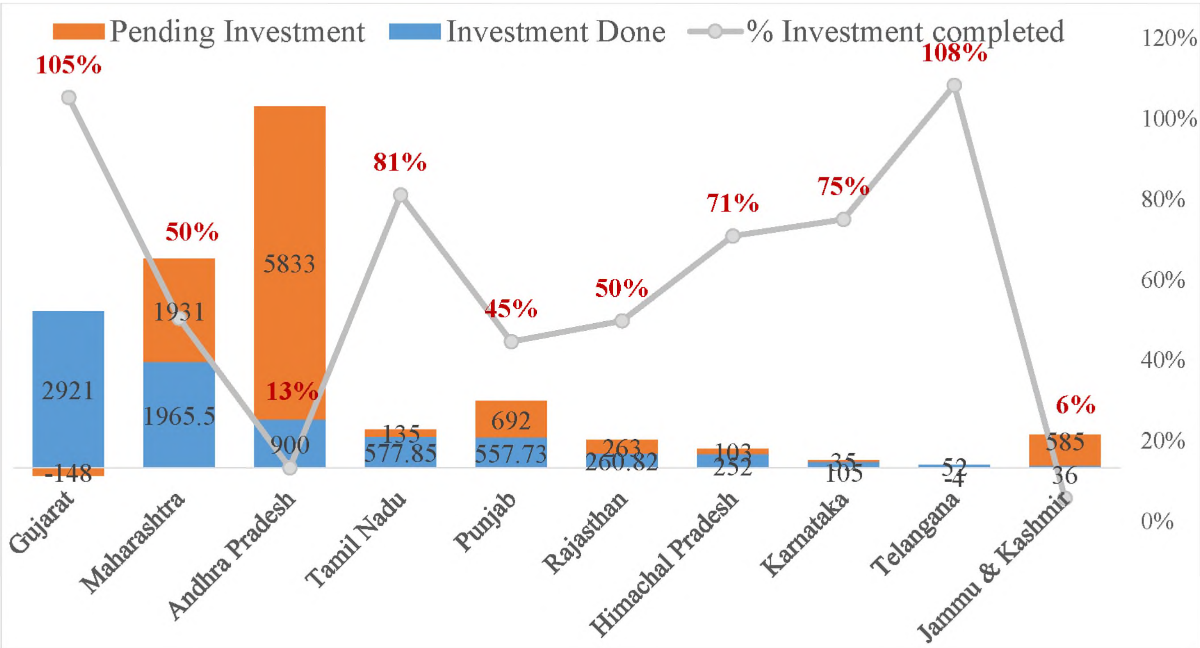
The below chart indicates the level of current investment vis-à-vis the planned investment:



Gujarat has attracted highest (37%) investment mobilised till date followed by Maharashtra (24%) and Tamil Nadu (12%). State wise break-up of investment mobilized under SITP till date (including non-functional parks) is as follows:



Functional parks in state of Gujarat and Telangana have cumulatively achieved more than the targeted investment, followed by parks in States of Tamil Nadu (81%), Karnataka (75%) and HP (71%). State-wise break-up of pending investment, investment done so far and percentage investment completed is as follows:



70% of the total investment has been mobilised in top 5 parks as mentioned below:

Name of the Park	Current Investment (Rs. Crores)
Gujarat Eco Textile Park Ltd.	1,035
Mundra SEZ Integrated Textile and Apparel Park	999
Vraj Integrated Textile Park Ltd.	842
Lotus Integrated Texpark Limited	431
Deesan Infrastructure Pvt. Ltd.	399

Lower occupancy rates have caused the textile parks to severely underperform than the originally targeted investments.

6.3 Introduction of Advanced Technology

All the units in the functional parks have installed machinery as per the nature of their products and market demand, including latest as well as second hand machines. The technical textile units in Mundra park can be said to deploy technology which is not very common in India. The scheme has also helped the decentralized powerloom segment and handloom segment to upgrade to latest shuttle less and more advanced handlooms, respectively as well as increased use of modern preparatory and finishing technologies.

The technology level deployed in functional textile parks is categorised based on the target segment, type of technology and type of machinery as follows:

Category	**Description**	**Parks**
a	Value added fabrics/garments/made-ups and technical textiles	9
b	New Shuttleless looms, high speed spinning, modern processing m/c	14
c	Majorly 2nd machinery/ old technology/ handlooms/ block printing	7

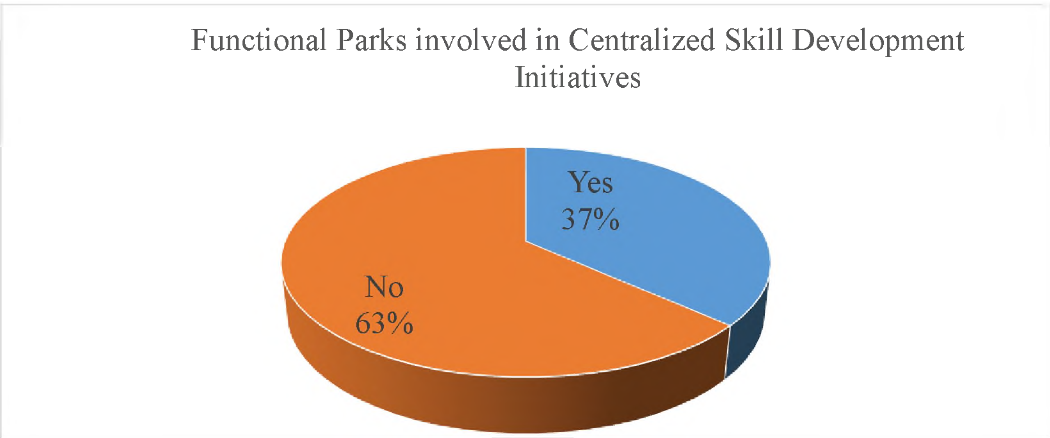
The park-wise detail is produced in table below:

No	**Park name**	**Technology level**
1	Asmeeta Infratech Ltd	a
2	Baramati Hi-Tech Textile Park Limited	b
3	Brandix India Apparel City Private Ltd	a
4	Deesan Infrastructure Pvt. Ltd.	b
5	Dodballapur Integrated Textile Park Limited	b
6	Fairdeal Textile Park Pvt. Ltd.	b
7	Gujarat Eco Textile Park Ltd.	b
8	Himachal Textile Park Ltd	a
9	Islampur Integrated Textile Park	a
10	J&K Integrated Textile Park Ltd.	c
11	Jaipur Integrated Texcraft Park Pvt. Ltd. (JITPPL)	c
12	Jaipur Texweaving Park Ltd.	b
13	Karur Textile Park Ltd	a
14	Kishangarh Hi-Tech Textile Park Ltd	b

No	Park name	Technology level
15	Komarapalayam Hi-Tech Weaving Park	b
16	Latur Integrated Textile Park (LTP)	b
17	Lotus Integrated Texpark Limited	a
18	Ludhiana Integrated Textile Park Ltd.	b
19	Madurai Integrated Textile Park Ltd	b
20	MAS fabric Park (India) Pvt. Ltd.	a
21	Metro Hi-Tech Co-Operative Textile Park Limited	c
22	Mundra SEZ Integrated Textile and Apparel Park	a
23	Palladam Hi-Tech Weaving Park	a
24	Pochampally Handloom Park Ltd.	c
25	Pride India Co-op. Textile Park Ltd.	c
26	Purna Global Textiles Park Limited	b
27	Rhythm Textile & Apparel Park Ltd	c
28	RJD Integrated Textile Park Ltd.	b
29	Sayan Textile Park Ltd.	c
30	Vraj Integrated Textile Park Ltd.	b

6.4 Skill Development Initiatives

Out of 30 functional parks, 11 parks are involved in centralized skill development initiatives. Under these initiatives, they have trained around 41,000 workers who were placed inside the parks as well as in outside factories. It was observed that these skill development initiatives have improved the efficiency of the workers resulting in better production.



Some specific examples of the skill development initiatives taken by the parks are mentioned below:

- Lotus Integrated Textile Park has a common training known as Takshashila in which various vocational training programs are conducted for people from the local areas in partnership with a training agency. The derailed youth/school drop outs are brought back into mainstream and trained in market-aligned trades through class room & on the job training. They are supported with stipend of Rs. 25 /hour spent on shop floor. The unit has trained approximately 2,500 people over the years. After completion of course the trainees are absorbed in the park and other nearby units.

- Madurai Integrated Textile Park organizes soft skills training programme with the help of Textile Testing and Development Centre, Madurai
- Sayan Textile Park has partnered with Karl Mayer for providing training to entrepreneurs.
- In Jaipur Integrated Texcraft Park Pvt. Ltd, the workers are trained on hand block printing, tie & dye technique, industrial housekeeping, finishing and sewing machine operation. They also partnered with All India Artisans and Craftworkers Welfare Association (AIACA) to provide training on occupational health and safety (OHS).

88% of the total trainees have been trained in top 5 parks as mentioned below:

Name of the Park	Number of trained persons
Brandix India Apparel City	26,600
Gujarat Eco textile Park Ltd.	3,120
Lotus Integrated Texpark Limited	2,500
Baramati Hitech Textile Park Ltd	2,000
Metro Hitech Co-operative Textile Park Ltd.	2,000

Brandix park alone is training more than 64% of the total trainees in textile park.

Many individual units within the park also reported undertaking worker training programmes wherever there is no provision of centralized skill development infrastructure.

6.5 Bringing Scale in the Industry

As explained in point 4.8 earlier, most of the parks are of smaller size ranging from 25 to 75 acres. Very few of the parks have size to accommodate a large scale, fully integrated value chain.

Brandix India Apparel City, the largest park with 1,000 acres and total turnover of more than Rs. 1,300 crore has few large scale garment units such as:

a. Seeds Intimate Apparel India which manufactures about 10 million bras and supplies to Victoria's Secret, USA. The company claims to cater to 10% of Victoria Secret's global sourcing. In 2014-15, India's exports to USA in bra category was US$ 76 million[33], out of which this unit had a share of approx. 48% (turnover - Rs. 231 crores). It was set-up with a capital expenditure of approximately Rs. 76 crores and currently employs 2,400 employees.
b. Brandix Apparel Unit I is another large scale unit which was established with a capital expenditure of Rs. 63 crores. It makes about 1.5 lakh panties per day exclusively for Victoria's Secret, USA. The company has 1,250 sewing machines and employs 3,400 workers operating in 2 shifts. This unit procures all fabrics from another unit in the park – Ocean India.

[33] Data source: DGCI&S, HS Code 621210

c. Ocean India is a knitting and processing unit which is established in 30 Acres with a capital expenditure of Rs. 167 crores. The company has 20 tons per day knit fabric production capacity and 18 tons per day fabric processing capacity. It employs almost 800 workers and staff. The company supplies most of the fabrics to garment units in parks while some is exported also.

Mundra Integrated Textile and Apparel Park Pvt. Ltd. also has technical textile firms of Ahlstorm, Skaps and Terram which are of appreciable size but beyond these other examples of large scale units are not many. Pochampally Park was supposed to house 2,000 handlooms allowing it to operate as one big cluster, but due to working capital issues it is currently running only 175 handlooms. MAS Fabrics and SIMA parks are also large parks but MAS fabrics has already requested MoT to scale down the project cost from Rs. 254 crores to Rs. 108 crores in Phase 1 as they are not able to get the right of way clearance and the forest clearance for laying the pipes into the sea for marine discharge. A very similar problem was being faced by SIMA which met with local resistance to lay down marine discharge pipeline and land owner compensation not settled. Though it obtained land in 2006 but the actual construction work could begin only in Sep 2012 after they paid the compensation.

Overall, the Scheme had limited impact in bringing scale to the textile industry.

6.6 Meeting Critical Infrastructure Gaps

All the parks have either set up or planned important common facilities to be used by the member units, for example:

- CETP
- Power Supply
- Dispensary
- Warehouse
- IT and communication infra.
- Canteen
- Banks & ATM
- STP
- Water Supply
- Training center
- Crèche
- Conference hall
- Incineration
- Water treatment plant
- Hostel facilities
- Centralized QC
- Marketing and display center
- Centralized packaging unit
- Security

Several parks are established in areas where there was no presence of industries earlier. In such cases, textile parks have successfully provided critical infrastructure for the textile industry. The parks which have come up in natural and industrial areas have supplemented the existing infrastructure.

However, it is also important to state that the Scheme has not fulfilled all types of infrastructure gaps owing to limited coverage, scope and funding. For a remote location, the infrastructure gaps start from basic road and rail connectivity, then comes the production factor gaps of trained manpower, power, water treatment etc. The SITP scheme by design focuses on manufacturing infrastructure inside the park while outside the parks no support is available. This is the reason why we have some excellent parks struggling to increase their occupancy. As observed in section 4.10 *Positioning of Indian Textile Parks Vis-à-vis International Parks/clusters, Implementation model*, the Government support under SITP is limited to creation of infrastructure inside the park as the infrastructure outside the park is a State Government subject. This is a major challenge for the Scheme. It is perhaps time that while retaining this smaller scheme, a much larger scheme is brought out involving State Governments for creation of Mega Textile Parks. (Detailing of Mega Textile Park is provided in section 8.4 of the report)

6.7 Role and Participation of States in the Parks

As per State's textile or industrial policy, following fiscal and non-fiscal support is made available to parks / units in parks:

- Grant up to Rs. 9 crores
- Road connectivity, water and power facilities
- Stamp duty exemption
- Power subsidy
- Training incentives
- Other incentives and subsidies as provided under their textile or industrial policy

Very few State Governments have been proactive in providing support to the parks sanctioned under SITP scheme by providing clearances & approvals in reasonable time. Majority of parks have faced significant delays in getting approvals such as environmental clearances, NoCs, etc. from State Governments. Many of them have also struggled to get proper water and power connectivity as well as acceptable level of infrastructure around the parks. Parks that have faced some local resistance while implementation also need active State Government involvement to resolve the issues.

It is strongly felt that State Government involvement is an aspect which needs significant improvement.

6.8 Dovetailing of Other Schemes

There are very few examples of parks taking advantage under any other Scheme of State and Central Government. Two parks viz. Karur Textile Park and Palladam Hi-Tech Weaving Park have availed Rs. 10 Cr. of additional grant under Scheme for Additional Grant for Apparel Manufacturing Units under Scheme for Integrated Textile Park (SITP). However, most of the parks have taken the additional grant of up to Rs. 9 crores made available by respective State Governments.

7 Key Issues and Their Reasons

There are two overarching issues under SITP from the perspective of Ministry of Textiles:

- The fund utilization has not been satisfactory
- Units are not coming up in parks

For the park SPVs also, these are areas of major concern. Due to them, few parks have even applied for park cancellation as well. The underlying reasons for each of the above issues are discussed ahead:

7.1 Reasons for Unsatisfactory Fund Utilization

a) Delay in statutory approvals and clearances

As per the scheme guidelines, SPV needs to take various approvals and clearances from Central and State Government before initiating the construction work. In majority of the parks underutilization of funds has been due to the extended time taken in getting these approvals. Some parks could get the 1st instalment after 2 years of sanctioning. Such a procedural delay causes promoters to evaluate other investment avenues.

To cite some specific examples, Amitara Green Hi-tech Textile Park and Guntur Textile Park were sanctioned in 2014 but have not got all the approvals yet. Himmada Integrated Textile Park in Rajasthan is another such example where the park was approved in 2011 but environmental clearance is pending till now. Getting environmental clearance and change of land use are the two areas wherein majority of parks have faced problems.

In various cases, due to such delays, few more issues sprang up that lead to underutilization of the funds. These include:

- Rise in cost of land and other components due to which SPV had to revise the financials which caused further delays.
- In few cases, investors withdrew from the park and invested their capital in other project as a result of which further delays happened.

b) Lack of funds with SPV

In order to claim 2nd instalment onwards, the SPV has to incur its proportionate contribution from all sources however, in some cases, the planned investment could not be mobilized in the stipulated time due to lack of investors in the project. For example, Rhythm Textile & Apparel Park does not have enough investors to start the production in order to claim its last instalment of the grant.

In some specific cases, conflict within SPV members hampered the progress of the project. One such instance is Hindupur Vyapar Apparel Park Limited in Andhra Pradesh. The park received 3 instalments and also started the production in 11 units but due to some internal issues, various investors backed out and they had to stop production after 3 months. Now, the SPV is looking for new entrepreneurs to start the production. Similar problem happened with Ludhiana

Integrated Textile Park also wherein due to internal conflicts, investors did not contribute their share of money for the project.

Inability of SPV to procure loan from financial institutions has also prevented the fund utilization in case of a few parks. Financial institutions do not provide loans easily to newly formed SPVs unless backed by a large investor.

c) Delay in getting approval for DPR Modifications

For making any deviation from initial DPR, due to various reasons, SPVs have to approach MoT for getting approvals. Some of them are further referred by MoT to State Government or other agencies. Delay in this process has been reported by many SPVs leading to obstruction in utilization of funds. For example, MAS Apparel Park has submitted a proposal to scale down the project cost from 254 crores to 108 crores in Phase 1 as they were not able to get the right of way clearance and the forest clearance for laying the pipes into the sea for marine discharge. MoT had then written to State Government for getting their recommendation regarding the feasibility and the viability of the project but the State Government had not responded for almost a year now.

d) Wrong selection of land by SPV

Few parks are not able to use the funds because of issues related to land purchase or clearances. Some of the specific examples include:

- Ludhiana Integrated Textile Park had to acquire land from about 100 sellers which took a lot of time in getting hold of the land.
- Silk Park in Kanchipuram was located within 5 kms of Palar river and the SPV could not take environmental clearance for last 2 years as the Tamil Nadu Government has a law stating that no textile industry should be established within 5 kms of any river.
- Guntur Textile Park purchased a land which comprised of pockets of military owned land in between and now they are facing issues in procuring that land.
- Tarakeshwara Textile Park wants to change its site location from Nellore because it is a flood prone area.

7.2 Reasons for units not coming up in the Parks

a) High rentals in some parks

It has been reported that the rentals charged in Textile Parks are higher than those in industrial areas in the vicinity. In some cases, the reason behind this is the fact that the infrastructure inside the park is better developed than outside. For example, an SPVs which has established water and effluent treatment system are obligated to recover cost from tenant units.

However, another specific reason relates to the previous model allowed under SITP. In earlier approved parks, the developer model was allowed in which promoters invested in the parks and developed the required infrastructure. The development of infrastructure inside the textile park took 5 years or even more. During this period, the prices of land appreciated because of which the developers started charging premium as they themselves had invested in developing the park. Though this problem of developer model has been addressed by the Ministry in the 12th five-year plan but the issue remains in some earlier approved parks.

Another reason for high rental related to low occupancy level. With low occupancy level in most of the parks, the rental cost remains on a higher side as it is primary source of revenue for SPVs. The rentals can be brought down by increasing the occupancy for which many SPVs unfortunately do not actively work after reaching the last or penultimate payment milestone of the SITP.

b) Lack of marketing efforts

No marketing efforts to attract investment were visible in most of the parks. In many cases, parks don't even have an official website to create awareness about the park among the potential investors. Due to lack of such marketing initiatives, many investors are unaware of the parks, value chain present out there and facilities available in the park. Many potential investors are uninformed about the investment opportunities in these park.

c) Changes in other Government schemes or regulations

Unpredictable policy changes have negatively impacted the investments in the textile parks, for example:

- Due to reduction in subsidies in Amended TUFS scheme, firms are not showing interest to invest in the textile park. Small weaving investors are the ones which have been most hit as their initial business model was based on 30% capital subsidy which got reduced to 10% only.
- As per recent notification of Rajasthan Electricity Regulatory Commission (RERC), the wheeling charges for Wind power plant has been doubled. This has made wind power plant of Kishangarh Hi-tech Textile Park Ltd. unviable.
- In future, if ZLD is made mandatory then a lot of textile parks will come under serious threat since they have invested heavily in ETPs which till now are not fully operational.

d) No special benefits for investors in the textile parks

Textile Parks are not extremely attractive compared to any other industrial zones as they don't get any special incentives or benefits unlike those offered by the parks globally like tax holidays or rebate on various tariffs.

e) Poor accessibility of the parks

The textile parks are majorly located in the outskirts or isolated locations and have poor road connectivity to the nearby areas. Units restrain themselves from investing in parks with transportation and logistics issues as the inbound and out-bound shipments as well as employee and buyer access gets severely hampered.

f) Issues with parks located in SEZ area

In the present scheme, textile parks are not allowed to be a part of SEZs. However, in the previous versions, 4 parks were sanctioned in SEZ (mentioned in Section 4.5).

Indian SEZ policy was tweaked in FY 2011-12 wherein 20% Minimum Alternate Tax (MAT) and 20% Dividend Distribution Tax (DDT) was introduced on the SEZ units which was earlier not there. This step largely neutralized the income tax benefit available to SEZ units.

A unit operating in textile park in SEZ does not get the advantage of export promotion incentives such as duty drawback[34]. In present context drawback and other export incentives are become more lucrative as MAT and DDT are applicable on SEZ units. As a result, investment in Domestic Tariff Area (DTA) is more attractive than SEZ. In addition, India's Free Trade Agreements (FTAs) have also caused distortions. For example, a Thailand based company gets duty-free access to India (under FTA) while supplies from an Indian SEZ to Indian market faces an import duty.

g) Labour availability is not as desired

Availability of economical and skilled manpower becomes a challenge as the parks are located in the outskirts of the city and the initially sanctioned parks do not have hostel facilities. The investors find it difficult to satisfy the manpower requirements in the units. Also, as discussed above, lack of accessibility of the parks adds to the problem of labour availability.

h) Lack of complete eco-system

The value chain in the parks is missing as the units in the parks are not vertically integrated. For eg- the apparel production units source their textile and trims requirements from outside the park. Since the ancillary industries are not in vicinity, the logistics and transportation costs are bound to increase because of which many units do not come up in the parks.

Due to all these reasons, the investment attractiveness of parks located in SEZ has been negatively impacted.

[34] Recently, SEZ units got coverage under Merchandise Exports from India Scheme (MEIS) which replaced Focus Product and Focus Market Schemes

8 Recommendations

Based on the comprehensive analysis of textile parks approved under SITP, interaction with SPVs, individual unit holders & representatives of PMCs, emerging market trends and global models following recommendations are being made to make SITP Scheme more effective:

1. Steps should be taken to enhance participation of the State Government
2. Scheme should be amended to improve the ease of doing business, improve investment attractiveness of parks and increase park occupancy
3. Park monitoring mechanism should be strengthened
4. A new scheme for Mega Textile Parks should be launched

Specific activities under each of these recommendations are discussed below:

8.1 Enhancement of State Government participation

a) Sensitizing State Governments for supporting parks approved under SITP

Road connectivity and availability of basic infrastructure including uninterrupted power and water supply are key necessities for success of textile parks. Several parks are located in interior areas where these three aspects are not adequately addressed. Sometimes SPVs themselves undertake creation of such infrastructure which leads to project delays as well as cost inflation. While many State Governments have indicated their willingness to support employment creation and industrialization in such areas but for this State Governments will have to provide appropriate infrastructure. Going forward, Textile Park sanctioning can be prioritized in states which are ready to support creation of such infrastructure for the Parks.

Ministry of Textiles should have a detailed discussion with various states to ascertain their willingness in creation of support infrastructure and even going an extra mile, for example set-up single window clearance[35] especially for Textile Parks approved under SITP. After approval of each Park a formal intimation letter should be sent from MoT to respective states' industrial department apprising them of the project contours and requesting for all possible support.

State Governments should also be sensitized to align their industrial or textile policy with SITP.

b) Coordination to get an in-principle project approval from State Government before approval by SITP Project Approval Committee

Another important aspect where State Government's involvement will be helpful is creation of State level Project Approval Committee (PAC). There are multiple cases where after getting approval from Central level SITP PAC, the parks ran into trouble with approvals at state level. The project approval process can be modified in a manner that each DPR received at MoT after initial scrutiny may be passed onto State level PAC which gives an in-principle approval for formal consideration by MoT. While this is an additional procedural step expected to increase the approval timeline and it may also not be possible with all the State Governments but it will give assurance to the Central Government as well as the SPV investors regarding timely, hassle free implementation of the Park. In many instances MoT is already referring some parks for

[35] Single Window Clearance by State Governments is also recommended in Mega Food Parks Scheme (MFPS). Scheme document is placed as Annexure 6

vetting by State Government. The option to do it formally with interested states may hence be explored.

c) Higher involvement of State Governments in project approval and implementation

Many parks have struggled in past due to delays in State level approvals, many of which are avoidable. If a suitable State Government representative can be made part of Project Scrutiny Committee then any major issues in implementation can be known before hand, while the approved Parks will have a clear buy-in / go-ahead of States. This will again help in fast track implementation of approved parks.

Also, a suitable State Government nominee should be included in the Board of Directors of the Park. This will improve SPV's reach to the State Government, assisting them in getting timely approvals and support in resolving local disputes as well.

8.2 Modifications in Present Scheme

a) Reduction in minimum number of promoters

As per the Textile Park Proposal Selection Process, the Minimum Eligibility Criteria (point 2.1 (a) (i) in Annexure 2) states that *The proposal should have minimum 8 promoters of which minimum 1/3rd should be having experience in textile manufacturing.*

Industry has indicated that association of that many likeminded individuals is difficult and at later stages of implementation also the coordination and cohesion between a high numbers of people becomes difficult. Hence, there is a need to reduce the minimum number of promoters.

Keeping in mind that none of the individuals can have more than 20% share, it is recommended that the minimum number of promoters be reduced to 5 of which minimum 3 should be having experience in textile manufacturing.

b) Bank Appraisal of Park should not be asked at the proposal stage

As per the Textile Park Proposal Selection Process, a copy of bank appraisal and approval letter from the bank has to be enclosed with the Park if a term loan is proposed (point 2.1 (b) (iii) in Annexure 2). This point should be removed as bank appraisal can happen only after receiving the park sanctioned from the Ministry.

c) Modifications in Technical Evaluation Criteria

As per the Textile Park Proposal Selection Process, the technical evaluation of park proposals is done based on the following criteria currently (point 2.2 (a) (vi) in Annexure 2):

	Criteria	Weightage
1	Avg. net-worth of promoters against average equity proposed in the project	35
	1.5 to 2 times of average equity	15
	>2 to 3 times of average equity	25
	>3 times of average	35

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	Criteria	Weightage
2	Proposals where State Industrial Infrastructure Development Corporations are participating	10
3	Proposal for setting up Textile parks in the States where eco system for organized textile sector is non-existent	15
4	Experience of the members in Textile Manufacturing	40
	30% of promoters having experience in Textile Manufacturing	20
	50% of promoters having experience in Textile Manufacturing	30
	100% of promoters having experience in Textile Manufacturing	40
	Total	**100**

Some of the observations and recommendations to improve the above evaluation are:

- Point 2: Participation of SIDC with private SPVs might be desirable but is extremely difficult due to a number of operational issues as is evident from no proposal received in that manner till date. It is recommended that this point may be dropped.
- Point 3: As highlighted in point 6.6, SITP cannot support infrastructure development outside park. So Parks proposed in states with well-developed ecosystem have a better chance of success. Hence, prioritizing parks in geographies with lack of ecosystem is not advisable. It is recommended that this point may be dropped.
- It is recommended that weightage should be provided for:
    - Anchor Tenant / Lead investor (explained in point i ahead)
    - Employment – the investment / employment benchmarks provided by Office of Textile Commissioner can be utilized to benchmark the Parks. Parks can be segregated in categories of:
        - less than 1,000 employment
        - 1,000 to 2,000 employment
        - 2,000 to 5,000 employment
        - 5,000 to 10,000 employment
        - > 10,000 employment
    - Parks established in States with special policy support for textile companies e.g. capital and interest subsidy.

d) Providing flexibility to SPVs to amend DPR without decrease in total investment and employment

There are several external and internal reasons that can cause deviation from the initially approved DPR like details of the building, processes, manpower and financial estimates. The importance and necessity of a planned component varies with the need of the hour. For instance, investment earmarked for common weigh bridge or a ware house, if felt unnecessary may be shifted to other common infrastructure say power distribution, water supply, etc. or vice-versa. The flexibility should also be given to extend the value chain if required. SPVs should be allowed to implement the required changes by giving intimation to MoT provided the level of employment and financial estimates of the project mentioned in the DPR do not decrease.

The authority to make these changes should be given to the Board of Directors of park, which includes a State Government and a Central Government representative.

e) Last payment clause to be additionally linked with employment generation

As per the current SITP scheme, 5th instalment representing 25% of the total GOI share is released after successful completion of the project and 33% of the units in ITP (or a higher percentages determined by PAC for completion of the specific project) start their production.

There are cases in which the production capacities of units lesser than 33% in number captures a major chunk of the total park production while generating majority of the park's employment. The remaining units are sometimes the ancillary units which does not significantly affect the production of park. In these cases, obligation on number of units is irrelevant. On the other hand, a park may be able to apply for last instalment even if only its smaller units (with lower investment and employment) gets operational.

It is recommended that this clause be amended to factor in the employment generated in the park as well. For this, the 5th instalment condition which presently stands as:

Vth instalment representing 25% of the total GOI share will be released after successful completion of the project and after 33% of the units in ITP (or a higher percentages determined by PAC for successful completion of the specific project) start their production

May be revised as:

Vth instalment representing 25% of the total GOI share will be released after successful completion of the project and after 33% of the units in ITP (or a higher percentages determined by PAC for successful completion of the specific project) start their production ***and 50% of the projected employment is achieved.***

f) Designation of Central Government nominee to be a part of Board of Directors should be specified

One of the conditions for release of 1st payment under SITP currently reads:

Inclusion of one representative of Government of India and one representative of the PMC on the Board of Directors.

Some of the parks have reported delay in appointment of the Government representative. In absence of explicit clarity in case of appointed representative getting reallocated or retiring, the nomination of new representative is not automatic.

Hence, the above clause may be amended specifying the exact designation of the government representative to bring additional clarity.

g) Size of parks should be at least 40 Acres

The objective of bringing economies of scale can be obtained by attracting units with large manufacturing capacities. This in turn will require infrastructure setups that can accommodate these units. Current scheme fails in achieving this objective as it puts no obligation on the park size eligibility. Lack of lower limit in park size have resulted in approval of small size parks which are not capable providing accommodation to large potential investors. To overcome this situation, 40 acres should be kept as the minimum eligible size for development of the park.

h) Removal of statement in Scheme indicating number of units

Point 1.4 of the Scheme Guideline in Section 1. Objective of the Scheme reads *"Each Integrated Textile Park (ITP) under the scheme would normally have 50 units."* The statement should be removed from the text as it is unnecessarily taken as guiding point by SPV / PMC for project preparation while in fact this is an indicative statement only. In fact, in the Textile Park Proposal Selection Process it is already stated that there is a need of minimum 10 units only (Annexure 2, point 2.1 (d) (i)).

i) Anchor tenant model should be followed

In retail sector, an Anchor Tenant is one of the larger stores in a shopping mall which is specially brought in by mall developer to cash on its name recognition and prestige to attract more consumers in the mall, who will then visit other stores also.

Drawing analogy with this concept, a textile park with Anchor Tenant can be conceived wherein a large, reputed textile firm (Indian or international) is sensitized to put up its operation in a Textile Park in a Hub and Spoke Model. The anchor tenant will be the producer and marketer of finished product (the *Hub*) and it will source its inputs from other smaller units within the Park (the *Spokes)*. Automobile manufacturing is a leading example of hub and spoke model where the car manufacturer (brand) supports its dedicated vendors (for seats, gear box, wind shield, etc.) to establish their facilities in the vicinity. In this arrangement, the smaller units will have a specific buyer, providing predictable orders and saving the marketing effort which is their weak point. The larger manufacturer will have a benefit of dedicated supply base without own investment. Textile parks created with an Anchor Tenant will not only help meet the objectives of value chain integration and large scale investment but will also increase the occupancy level of the parks.

It is recommended that in future such types of proposals may be prioritized and proactive steps taken to obtain such proposals from investors. To implement this, potential investors[36] should be identified and then engage with them seriously to understand their investment potential and sensitize them for making a large scale investment and develop their vendors within the park by offering additional incentives.

Additional incentives can be provided on model of "Mega Project" model of State Government of Maharashtra. A unit investing Rs. 500 crores and generating employment for at least 2,000 persons is classified as a Mega Project and is provided additional incentives in form of exemption from state levies (VAT, stamp duty, electricity duty) and ESI contribution. In a similar manner, if a textile park investor commits to generate employment for at least 5,000 persons (own plus supplier factories), then it may be termed as Anchor Tenant. Such investors would ideally be from garments and made-ups sector. The Anchor Tenants may be provided with incentives such as partial reimbursement of their annual lease rentals & maintenance cost or partial coverage of PF contribution of its employees, etc. The exact norms and nature of such

[36] Few potential Indian and international textile groups which can act as anchor tenants are given in Annexure 8

employment linked incentives should be developed in discussion with potential investors so that there is an immediate off take.

It is important to point here that SITP scheme provides support only to park developers while for implementing Anchor Tenant model, the scope would have to be enlarged to cover the park investors as well.

j) Steps to increase occupancy levels of the park

The occupancy levels in parks can be increased by making them more attractive investment destination than comparable industrial zones. Following are the recommendations to increase the occupancy:

i. Increasing the grant amount: The investment attractiveness of the parks may be enhanced by increasing the amount of grant from Rs. 40 crores to Rs. 50 crores. This may be done while changing the grant release pattern and milestone in the manner prescribed below:

	Current	**Proposed**
Grant	Rs. 40 crores	Rs. 50 crores
I instalment	10% (Rs. 4 crores)	8% (Rs. 4 crores)
II instalment	15% (Rs. 6 crores)	12% (Rs. 6 crores)
III instalment	25% (Rs. 10 crores)	20% (Rs. 10 crores)
IV instalment	25% (Rs. 10 crores)	20% (Rs. 10 crores)
V instalment	25% (Rs. 10 crores)	40% (Rs. 10 crores)
Min. units to start production for final instalment	33%	50%
Employment achieved	NA	50%

ii. Providing additional financial support to the park units: Globally, SITP kind of Schemes come with a package of attractive benefits including tax holidays, personal and corporate tax reductions, tariff eliminations/reductions, power subsidies, VAT or service tax exemption, etc. to the units. Similar kind of incentives can be extended for park units in order to make them attractive for Indian as well as international manufacturers.
One option to make textile park investment attractive is by providing 5% higher TUFS benefit to units in textile park and Rs. 10 crore increase in unit wise cap, as proposed below:

	Current subsidy	**Proposed subsidy**
Garmenting, technical textiles	15%, Rs. 30 Crores cap per unit	**20%**, Rs. 40 Crores cap per unit
Weaving (new shuttle less), processing, Jute, Silk and Handlooms	10%, Rs. 20 Crores cap per unit	**15%**, Rs. 30 Crores cap per unit
Composite unit/ multiple segments with garmenting or technical textiles component is more than 50%	15%, Rs. 30 Crores cap per unit	**20%**, Rs. 40 Crores cap per unit

Composite unit/ multiple segments with garmenting or technical textiles component is less than 50%	10%, Rs. 20 Crores cap per unit	**15%**, Rs. 30 Crores cap per unit

iii. Providing Soft loans: For providing soft loans to parks and the units therein, the model for Food Mega Parks can be followed. During 2014-15, Government had allocated Rs 2,000 crore to the National Bank for Agriculture and Rural Development (NABARD) for the development of food processing sector in the country. This fund is being utilized by NABARD for direct lending to food processing industries in mega food parks and designated food parks for a period of seven years at a subsidized interest rate[37].

iv. Investment promotion support: At present there is a big gap in marketing of parks as only 1 or 2 have taken any steps to market their parks to a broad range of investors. Lack of awareness and wherewithal to undertake such initiatives is the reason. This is one area where Ministry of Textile should provide support to the Parks.
Ministry of Food Processing conducts roadshows in key business cities of India wherein all the sanctioned Food Parks are allotted a stall for promotion and an investor meet is organized. The event is attended by Minister and highest level ministry officials. Ministry of Textile should also plan regular events in such format. The events may not only be restricted to India, but it should be done overseas as well to showcase India as an attractive investment destination for textiles under "Make in India" initiative.

v. Other ways of increasing occupancy can be to change the milestone of last payment to a higher value, say 50%. But this can be done only from prospective basis. Instead, an additional incentive should be provided to achieve full (or a very high) occupancy. For example, if a park achieves 100% (or 80%) occupancy in next 2 years then for a period of next 3 years the Service Tax collected on lease and maintenance may be reimbursed. This will act as a direct reward for SPVs to take initiatives for increasing the occupancy. SPVs may also think of passing on the benefits to units, increasing the overall investment attractiveness of Parks as well.

k) Addressing high rental issue

Few strategic options for addressing the high rental issue reported in few parks are:

i. Increasing Occupancy: Increasing occupancy is the most important aspect to control the rentals (among other associated benefits). Possibilities of increasing occupancy has been discussed in point f above.

ii. Opening new avenues for earnings: SPVs should be allowed and encouraged to offer their common infrastructure for utilization by outside firms to provide them an additional source of revenue. Improved financial standing of SPVs would percolate to its tenants by means of lower rentals.

iii. Service tax exemption: The user charges being paid by units to the SPVs can be lowered to by exempting SPV services from Service Tax. The matter has been represented by various SPVs in past with the justification that SPV provides services to its own members

[37] The operational guideline of this Scheme is placed as Annexure 7

only and hence not liable for Service Tax. This aspect should be evaluated in light of the need to make textile parks fully operational to meet the Scheme's objectives.

iv. Better monitoring: A strict monitoring system is required to ensure that there are no cases of unjustified higher rentals. SPVs whose 3rd or last payment is pending while the park is running at very low occupancy should be called with their plans to boost occupancy level. They may be advised to offer competitive lease rentals also. The plans then should be monitored closely to identify if there is any lack of seriousness from SPVs.

8.3 Establishment of a Robust Monitoring Mechanism

a) Engagement of a Project Monitoring Unit (PMU) for regular progress monitoring

There is a need to monitor the progress of the parks on regular basis for which an MIS has to developed and maintained. To accomplish this task, Ministry should appoint a third party agency which is not a PMC as a PMU. The purpose of this PMU will be to monitor the progress and fund utilized by each park, analyse the gaps with the DPR, reporting delays (if any) and to recommend suggestive measures to be taken for the problems being faced by these parks. Even after the completion of the park, the PMU will regularly monitor these park and will present a report to Ministry in defined intervals to ensure proper functioning of Parks.

b) Review meetings should be held regularly

During implementation, SPVs need quick and definite solutions to any issue that they might face which can cause deviation from the DPR or may need special permissions / support. It has been reported that in absence of regular review meetings, delays have occurred in past. It is hence recommended that a review meeting of each park should be held every 6 months.

c) Enhancing MoT resources to monitor SITP

Starting from the scheme commencement till today, the size of SITP team in Ministry of Textiles has remained unchanged while there are now 72 parks to be monitored. Although the present team is not leaving any stone unturned for hassle free working of the parks but increasing complexities and more number of parks demand a proportionate increase in team strength. In view of the future potential of the scheme and need to monitor it very closely, MoT may consider enhancing the SITP team resources.

d) Web based monitoring of the scheme is required

To maintain the transparency in the status being reported and increase its accessibility, web based monitoring system should be followed. A web based solution should be developed for the scheme monitoring. This website should be accessible to each park with a unique ID so that park authorities or PMC can update their park status regularly on it, starting from the project application onwards. Any information from ministry either on meeting schedule or any park specific issue should also be updated on the same.

8.4 Establishment of Mega Textile Parks

The existing SITP Scheme does not incentivize large scale park development. Grant of Rs. 40 crores is available to a park of 50 acres as well as a park of 1,000 acres, so far the project cost is Rs. 100 crores or more. As a result, the scale required for global competitiveness has not been achieved in parks.

Further, the existing model does not provide for development and availability of workspace for new entrants after the formation of the SPV. There has to be textile zones which can be showcased to international investors and for new domestic entrepreneurs also, workspaces should be available off-the-shelf on demand. The essential prerequisites for attracting large scale investment would be ready availability of developed land with adequate infrastructure, skilled manpower and easy connectivity to ports.

In order to address the above issues, it is recommended that a scheme for Mega Textile Parks may be launched to develop parks of at least 1,000 acres following a builder - buyer model in a phased manner by adopting experience of globally successful models.

Implementation modes:

a. SPV formed by the entrepreneurs or industry associations as currently prescribed in the SITP Scheme
b. SPV formed by the State Government through any of its institutions for development of the Textile Park.
c. SPV formed by State Government which operates in a PPP mode.

Support infrastructure required:

1. Readymade factory sheds / flatted factories
2. Warehouse
3. Dormitory
4. Express connectivity to seaports and airports
5. Incubation centres
6. Express feeder
7. Green energy solutions
8. Logistics hub
9. Bonded warehouse/dry ports
10. Convention centres
11. Workforce training centres
12. Testing lab
13. Centre of excellence
14. Fashion and education institute
15. Vocational training institutes
16. Hospitality
17. Office complex
18. Social and medical infrastructure

Recommended location:

Mega Textile Parks should be developed especially in the planned Industrial Corridors and / or along the coast line with proximity to seaports.

Financial support:

The financial support should be directly linked to the extent of area developed but without any financial ceiling on assistance. For example, for every 250 acres developed, the SPV may be provided support of 40% of the project cost up to Rs. 50 crores. Till the time SPV keeps on developing land in tranches of 250 acres, they may be provided with continued support.

Mode of Payment:

The grant may be given as reimbursement where SPV will spend the money first and then claim the government grant on a prescribed time schedule like very quarter or half yearly.

Other requirements:

- Land accumulation of 1,000 acres or more and its further development would need a very strong support from State Governments. It is hence important that MoT, through consultation process, identify states which are willing to be a part of this initiative by either developing the same on own or promoting private player park in PPP module. Mega Textile Parks should be prioritized in such states only.
- International zone developers as well as textile sector investors needs to be specifically targeted for which road shows and other activities should be done in countries like Japan, China, S. Korea, Taiwan, Turkey, Germany, Italy, etc.

9 Additional Points

9.1 Recommendations for what should be included under common infrastructure facilities provided in the park and what may be excluded.

The current scheme covers a broad range of common infrastructure requirements for a textile park. However, we recommend that following facilities could be removed from the Scheme coverage:

i. **Testing lab**

Testing labs as a common infrastructure facility is not required as majority of the buyers have made it mandatory to get certifications from an external accredited lab. International buyers seek out for third party audits and certifications and it becomes mandatory for the manufacturers to follow the same and get their products certified through testing labs that are outside the park. As a result, testing lab inside a textile park is not fully utilized and can be removed from the common infrastructure facility.

ii. **Design centre**

Design centre as a common infrastructure facility is not utilized as the manufacturers do not wish to design their products in a common centre. Design is one of the most competitive factors for any manufacturer to stand out in the market because of which they are unwilling to produce their designs under a common roof. Therefore, setting up a design centre with advanced equipment would not prove out to be beneficial for manufacturers and hence can be removed from the common infrastructure facilities.

iii. **Crèche**

Crèche, being a common infrastructure facility is located in a particular area of the textile park. This makes it difficult for the workers whose units are not located in close proximity to the crèche as they have to visit the crèche twice or thrice in a day. Also, all manufacturers do not require crèche in their unit because of varied workforce in their unit. Hence, it could be removed as a common infrastructure facility and should be built as per the requirement of the members of the park.

9.2 Assessment of various successful as well as underperforming parks and finding the key reasons for their performance/ non-performance.

S. No	Park name	State	Status	Reasons
1	Asmeeta Infratech Ltd	Maharashtra	Unsuccessful	Change of park activities in the implementation phase. without approval from PAC
2	Baramati Hi-Tech Textile Park Limited	Maharashtra	Successful	Anchor promoter model
3	Brandix India Apparel City Private Ltd	Andhra Pradesh	Partially Successful	Anchor promoter model and FDI (Land utilization is low)
4	Deesan Infrastructure Pvt. Ltd.	Maharashtra	Successful	Strategic location of the park
5	Dodballapur Integrated Textile Park Limited	Karnataka	Partially Successful	Lack of investment by promoters
6	Fairdeal Textile Park Pvt. Ltd.	Gujarat	Successful	Strategic location and workers' hostel
7	Gujarat Eco Textile Park Ltd.	Gujarat	Successful	Common ETP
8	Himachal Textile Park Ltd	HP	Under Implementation	
9	Islampur Integrated Textile Park	Maharashtra	Successful	Strategic location
10	J&K Integrated Textile Park Ltd.	Jammu & Kashmir	Under Implementation	
11	Jaipur Integrated Texcraft Park Pvt. Ltd. (JITPPL)	Rajasthan	Successful	Theme based park
12	Jaipur Texweaving Park Ltd.	Rajasthan	Under Implementation	
13	Karur Textile Park Ltd	Tamil Nadu	Successful	Theme based park with a strategic location
14	Kishangarh Hi-Tech Textile Park Ltd	Rajasthan	Partially Successful	Lack of investment by promoters

15	Komarapalayam Hi-Tech Weaving Park	Tamil Nadu	Successful	Strategic location and common ETP
16	Latur Integrated Textile Park	Maharashtra	Partially successful	Poor connectivity with the city area
17	Lotus Integrated Texpark Ltd.	Punjab	Successful	Strategic location and anchor investor
18	Ludhiana Integrated Textile Park Ltd.	Punjab	Unsuccessful	Lack of investment by promoters
19	Madurai Integrated Textile Park	Tamil Nadu	Successful	Strategic location and common ETP
20	MAS fabric Park (India) Pvt Ltd	Andhra Pradesh	Unsuccessful	Land issues
21	Metro Hi-Tech Co-Operative Textile Park Limited	Maharashtra	Partially successful	Lack of investment by promoters
22	Mundra SEZ Integrated Textile and Apparel Park Pvt. Ltd	Gujarat	Successful	Accessibility of park with port and theme based park with technical textile units
23	Palladam Hi-Tech Weaving Park	Tamil Nadu	Successful	Theme based park
24	Pochampally Handloom Park Ltd.	Telangana	Partially successful	Weavers are not able to serve the financial liabilities of banks because of operational charges and other costs inside the park
25	Pride India Co-op. Textile Park	Maharashtra	Successful	Strategic location and theme based park
26	Purna Global Textiles Park Ltd.	Maharashtra	Partially successful	Lack of investments by promoters
27	Rhythm Textile & Apparel Park Ltd	Punjab	Partially successful	Lack of investments by promoters
28	RJD Integrated Textile Park Ltd.	Gujarat	Partially successful	Lack of investments by promoters
29	Sayan Textile Park Ltd.	Gujarat	Successful	Strategic location
30	Vraj Integrated Textile Park Ltd.	Gujarat	Partially successful	Lack of investments by promoters

9.3 Recommendations on the marketing strategy to be evolved for educating investors to enhance the occupancy of the textile parks with specific role of the Ministry of Textiles in the same.

At present, there is a big gap in marketing of parks as very few have taken any pro-active steps to market their parks. The Ministry of Textiles may adopt one or more of below approaches to improve the park occupancy:

i. **Monitoring the marketing strategy of Parks developed by SPV**

In many cases, parks don't even have an official website to create awareness about the park among the potential investors. Due to lack of such marketing initiatives, many investors are unaware of the parks, value chain present out there and facilities available in the park.

SPVs must take measures to educate the investors about the benefits of investments in textile parks by continuously updating their websites and conducting roadshows to increase investor interaction. The Ministry should direct the parks to submit their marketing strategy to increase the occupancy level of the parks and review their marketing efforts on a regular basis.

ii. **Conducting Roadshows**

In order to spread the awareness and incentives of investments in textile parks, Ministry could also conduct roadshows by itself wherein all the sanctioned Textile Parks are allotted a stall for promotion and an investor meet is organized. The events may not only be restricted to India, but it should be done overseas as well to showcase India as an attractive investment destination for textiles under "Make in India" initiative.

iii. **Micro website under Make in India, DIPP and similar websites**

The Ministry of Textiles can create a micro website within other investment promotion websites like 'Make In India' and 'Department of Industrial Policy and Promotion' which should be updated and monitored on a regular basis giving complete information and details on the scheme and its underlying benefits. The website must contain:

- Overview of SITP scheme
- Benefits of investing in the textile parks
- List of parks and the sheds available in different parks
- List of units already existing in different parks
- Opportune segments where investors can invest
- Guide to the investment procedures
- Success stories of the currently established parks
- Insights from the investors who have setup their units in textile parks
- Local Information- maps, photo galleries, infrastructure, connectivity, accessibility, costs of doing business in the region etc

Annexures

Annexure 1. Guidelines of the Scheme for Integrated Textile Parks during the 12th five-year plan

1. **Objective of the Scheme:**

1.1 The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide the industry with State of the art world-class infrastructure facilities for setting up their textile units.

1.2 Primary objective of the SITP is to provide the industry with world class state of the art infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards.

1.3 SITP would create new parks of international standards at potential growth centres. This scheme envisages engaging of a panel of professional agencies for project identification and execution.

1.4 Each Integrated Textile Park (ITP) under the scheme would normally have 50 units. The number of entrepreneurs and the resultant investments in each ITP could vary from project to project. However, aggregate investment in land, factory buildings and Plant & Machinery by the entrepreneurs in a Park shall be at least twice the cost of common infrastructure proposed for the Park.

1.5 The new ITPs being set up under the Scheme may be excluded from the SEZs.

2. **Scope of the Scheme:**

2.1 The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost will cover common infrastructure and buildings for production/support activities (including textiles engineering, accessories. packaging), depending on the needs of the ITP. There will be flexibility in setting up ITPs to suit the local requirements.

2.2 An ITP will have the following components:

a) **Group A** - Land.

b) **Group B** – Common infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, effluent treatment, and telecommunication lines etc.

c) **Group C** – Buildings for common facilities like testing laboratory (including equipment), design centre (including equipment), training centre (including equipment), trade centre/display centre, warehousing facility/ raw material depot, one packaging unit, crèche, canteen, workers' hostel, offices of service providers, labour rest and recreation facilities, marketing support system (backward / forward linkages) etc.

d) **Group D** – Factory buildings for production purposes.

e) **Group E**- Plant & machinery.

f) ***Group F - Work space for textile units and workers' hostel which may be made available on rental/hire purchase basis.***

2.3 The items covered under each of the above Groups are illustrative only, and every ITP may be developed to suit the specific production and business requirements of members of ITP. The Project Approval Committee (PAC) will recommend on merit the inclusion or otherwise of a component in the project cost on case to case basis.

2.4 The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups B, C, D and F above, provided the ownership of the factory buildings vests with the SPV. ***The Technical fee shall not be covered in the project cost.***

2.5 The SPV will, however, have the option of seeking financial support from Government of India for components under Groups B, C and F only, if factory buildings are individually owned.

2.6 ***The Parks with Processing Unit should necessary have a CETP.***

3. **Implementation Structure:**

3.1 Industry Associations/Groups of Entrepreneurs would be the main promoters of the ITPs. At each ITP, there would be a separate Special Purpose Vehicle (SPV) formed with the representatives of local Industry, Financial Institutions, State and Central Government. SPV shall invariably be a Corporate Body registered under the Companies Act. Any different structure for the SPV requires the approval of the Project Approval Committee. The SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central/State Governments.

3.2 Ministry of Textiles (MOT) shall appoint a panel of professional agencies, which have considerable experience and expertise in the area of infrastructure development, as Project Management Consultants (PMCs) for implementing the Scheme.

3.3 The PMCs will be responsible for the speedy implementation of the Projects in a transparent and professional manner so as to achieve high degree of quality at a low cost acceptable to the members of the SPV for which fee will be paid to the PMCs by the Ministry of Textiles.

3.4 The PMCs will report to Ministry of Textiles, which shall directly supervise the implementation of projects.

3.5 A PMC will discharge the following functions:

i. Identifying the locations for setting up the ITPs based on a scientific assessment of the demand and potential of the area and assist in obtaining all statutory clearances.
ii. Facilitating formation of SPV at each project level with the participation of local industry
iii. Preparation of Project Plan including the setting of standards for infrastructure.
iv. Structure the projects and submit the same for appraisal by Project Scrutiny Committee (PSC).
v. Assist the SPVs in selection of agencies for preparation of bid documents, construction, operation and maintenance of the facilities in the Project.
vi. Assist the SPV in achieving financial closure.
vii. Monitor the implementation and submit periodical progress reports to the MOT.
viii. Liaise with the State Governments to resolve state-related problems.
ix. Ensure timely completion of project(s) as per DPR.

3.6 The SPVs would be the focal points for implementation of the Scheme, playing the following role:

i. The SPV would conceptualize, formulate, achieve financial closure, implement and manage the infrastructure.
ii. The SPV would procure land, cost of which shall not be built into project cost.
iii. After developing the infrastructure, SPV would allocate sites to Industry for setting up units.
iv. SPV would also facilitate securing bank finance required for setting up units in ITP.
v. SPV would be responsible for maintaining the utilities and infrastructure created for ITP by collecting service and user charges.
vi. The SPV has to be so structured as to be self-sustaining with a positive revenue stream.
vii. The SPV will enter into an agreement with the MoT for timely completion of Park and proper utilization of Government grants.
viii. SPV would appoint contractors/consultants in a fair and transparent manner. In order to ensure timely completion of the project, SPV will obtain appropriate performance guarantee from consultants/contractors.

3.7 The ongoing projects sanctioned under the TCIDS/APES will continue to be provided Government assistance, as per the provisions of the respective scheme, out of the budget provision for SITP.

4. **Role of State Government:**

4.1 The role of the State Government is envisaged in the following areas:

i. Providing all the requisite clearances, wherever needed, for setting up the ITP and providing the necessary assistance for Power, Water and other utilities to the ITP.
ii. Assist in identification and procurement of suitable land.
iii. The State Government agencies like Infrastructure/Industrial Development Corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing grants.
iv. Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty etc. for the units located in the ITP.
v. Dovetailing of other related schemes for overall effectiveness and efficiency of the project.

5. In order to facilitate proper coordination, State Governments would be requested to participate in the SITP scheme through signing of an agreement with the Ministry of Textiles on facilitating provision of land, power supply, water supply and statutory clearances for projects sanctioned to the state under the scheme. The State Governments would also be requested to participate in the SPV through the nomination of a representative on the Board of the SPV.

Funding Pattern and provisions:

5.1 The total project cost, as indicated in para 2.4, shall be funded through a mix of Equity/Grant – from the Ministry of Textiles, State Government, State Industrial Development Corporation, Industry, Project Management Consultant and Loan – from Banks/ Financial Institutions.

5.2 The Government of India's (GOI) support under the Scheme by way of Grant or Equity will be limited to 40% of the project cost subject to a ceiling of Rs. 40 crore for parks. GOI support under the Scheme will be generally in the form of grant to the SPV unless specifically decided by the PAC to be equity. However, the combined equity stake of GOI/State Government/State Industrial Development Corporation, if any, would not exceed 49%.

5.3 Central Government will be entitled to place a nominee on the Board of the Park as per scheme guidelines.

5.4 However, GOI support will be provided @90% of the project cost subject to a ceiling of Rs. 40 crore for first two projects in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir.

5.5 **Release of Funds:** The following schedule will be adopted for release of GOI assistance to the SPV:

i. ***Ist Instalment***

Ist instalment representing 10% of the total GOI share will be paid to the SPV subject to SPV furnishing a Bank Guarantee of equal amount to the Ministry and fulfilling of the following criteria:-

a) Establishment of SPV.
b) Inclusion of one representative of Government of India and one representative of the PMC on the Board of Directors.
c) Land to be in the possession of SPV.
d) Issuance of shares by SPV to members in proportion of area allocable to them.
e) Execution of share holders' agreement.
f) Establishment of escrow account in a nationalized bank.
g) Recommendation of PMC confirming the above points (a) to (f).
h) DPR duly validated by PMC, and approved by Project Approval Committee.

ii. ***IInd Instalment***

IInd instalment representing 15%of the total GOI share will be paid to the SPV subject to SPV incurring their proportionate contribution (i.e. 25% of the total SPV share from all the sources) of the grant released and fulfilment of following criteria

a) Utilisation Certificate for the Ist Instalment
b) Details of equity contribution
c) Sanction Letter for loan Component, in case SPV is taking term loans.
d) Award of contracts worth equivalent to at least 30% of the total project cost excluding the land cost.
e) Availability of all statutory clearances necessary for commencement of the project as certified by PMC, including water and electricity.
f) ***The Bank Guarantee given by the SPV will be returned upon sanction of 2nd Instalment of grant by the Ministry.***
g) ***Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim***

iii. ***IIIrd Instalment***

IIIrd instalment representing 25% of the total GOI share shall be released after the utilisation of the 2nd instalment and after the proportionate expenditure (i.e. 50% of the total SPV share from all the sources) has been incurred by the SPV. Utilisation Certificate (UC) of the 2nd Instalment shall be submitted by the SPV at the time of making claim for the 3rd Instalment.

Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.

iv. ***IVth Instalment***

IV instalment representing 25% of the total GOI share after the utilisation of the 3rd instalment and after the proportionate expenditure (i.e. 75% of the total SPV share from all the sources) has been incurred by the SPV. Utilisation Certificate (UC) of the IIIrd Instalment shall be submitted by the SPV at the time of making claim for the IVth Instalment. ***Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim***

v. ***Vth Instalment***

Vth instalment representing 25% of the total GOI share will be released after successful completion of the project and after 33% of the units in ITP(or a higher percentages determined by PAC for successful completion of the specific project) start their production. Utilisation Certificate (UC) of the IVth Instalment shall be submitted by the SPV at the time of making claim for the final Instalment. ***Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim***

5.6 The SPVs would forward their claims to the MOT after verification by PMC supported by documents such as Utilisation Certificate in the format of GFR 19A, Pre-Receipt Bill, Surety Bond etc., as required under the relevant rules.

5.7 Separate accounts shall be kept by SPV for the funds released by GOI, which shall be subject to audit by the Comptroller & Auditor General of India.

5.8 In the event of an SPV withdrawing from executing a project before completion of the project, the SPV should immediately return the Government assistance together with interest accrued. Payment of penal interest by the SPV shall be decided by the Project Approval Committee (PAC) on case to case basis. Any revision in the period of implementation must have the approval of the PAC. In case of delays in implementation of the project beyond the agreed time schedule as approved by PAC. The Ministry of Textiles shall have the right to impose penalties on the SPV as given below:

i. Delay of up to 3 months in the completion of the project would reduce the grant amount by 1%
ii. Further delay in the implementation of the project would reduce the grant amount by an additional 1% for every 1 month of delay.
iii. In the event of project implementation getting delays beyond 12 months, then the PAC could consider closure of the project at the current level of grant assistance and cancel the balance undrawn grant amount.
iv. In the event the grant amount is reduced as indicated above, the SPV should meet the consequent gap through its own sources.

v. If it is found that the Grant has been utilized by the SPV for non-eligible components of the project, MOT shall have the right to levy penalties on the SPV as may be decided by the PAC.

vi. In the event the park is cancelled by PAC for any reason whatsoever then the SPV shall immediately return the Government assistance together with the interest accrued thereon, if any. Payment of penal interest by the SPV @ 10% or as decided by the Project Approval Committee (PAC) on case to case basis to be returned by the SPV.

vii. The decision of the PAC would be final and binding on the SPV.

5.9 In event of termination of project, underutilisation of the grant or unjustified untoward delay in completion of the Park the SPV will be liable to return the grant with interest thereon and/or penalty as decided by the PAC and MoT shall be within its rights to recover the moneys as arrear of land revenue.

5.10 User charges would be fixed for various facilities and services by SPV. There shall be full recovery of Operational & Maintenance (O&M) costs through user charges.

5.11 The recovery by way of lease rentals shall accrue to the SPV for plough back for future expansion.

5.12 Budget provision of not exceeding Rs.2 Crore per annum shall be made for administrative expenditure, evaluation, studies, research & seminars, information dissemination, publicity, and for putting in an IT enabled monitoring mechanism, etc.

Fee to the PMCs

5.13 Release of funds to the PMC for service rendered to the Ministry of Textiles under the scheme-

a) The fee to the PMC shall be paid as approved by the PAC and shall be exclusive of service tax and other levies as applicable from time to time. The fee will however be inclusive of all travel, accommodation and other incidental expenses incurred by the PMC.

b) The project cost for the purpose of professional fee payable to the PMC would be the cost as approved by the PAC. The PMC would be paid the fees on the original project cost as approved by the PAC irrespective of any subsequent upward or downward revision in the project cost by the PAC. ***However, the professional fee payable to the PMCs would be capped at project cost of Rs.100 crores.***

c) The fee paid to the PMC will be paid as per the following Schedule of Payment-

Fee Amount	**Payment Milestone**
20% of Professional Fee	On approval of Detailed Project Report and release of 1st instalment
20% of Professional fee	On release of IInd instalment of Grant
20% of Professional fee	On release of IIIrd instalment of Grant
20% of Professional fee	On release of IVth instalment of GOI grant
20% of Professional fee	On completion of the Project

d) In case a PMC does not perform as per the satisfaction of the PAC on specific project, the PAC may impose penalties as decided by the PAC on a case to case basis.

e) The PMC shall not be permitted to enter into any agreement with the SPV for provision of any services related to the implementation of the project that would create, in opinion of the MoT a conflict of interest.

6. **Purchase of land:**

6.1 Land for Textile Parks shall be purchased / arranged by the SPV. The registered value of land would be taken as part of the Industry's equity/share in the project. The GOI grant shall not be used for procurement of land.

7. **Project Formulation:**

7.1 The project proposal shall be formulated by a PMC after conducting a diagnostic study of the requirements of common facility and infrastructure in the specific location and based on demand and potentiality.

7.2 The broad aspects, which may be covered in the Project Report, are given at **Annex-I-A**. These are intended to be indicative and not exhaustive.

8. **Administrative Mechanism**

Project Scrutiny Committee (PSC):

The project proposals as submitted by PMCs shall be considered and appraised by the Project Scrutiny Committee (PSC) headed by Joint Secretary (SITP) Ministry of Textiles. The other members of the Project Scrutiny Committee shall be as follows:

i. Advisor (Industry), Planning Commission or his representative
ii. Joint Secretary (PF-II), Department of Expenditure or his nominee
iii. Joint Secretary (Infrastructure), Department of Commerce or his nominee
iv. Joint Secretary (IIUS), Department of Industrial Policy & Promotion or his nominee
v. Joint Secretary, Ministry of Environment & Forests or his nominee.
vi. Textile Commissioner, Mumbai
vii. Economic Advisor, Ministry of Textiles
viii. Director/Deputy Secretary, IFW, Ministry of Textiles
ix. Director (SITP), Ministry of Textiles – Member Secretary

Project Scrutiny Committee will appraise all the proposal submitted by PMCs in terms of the project components, viability, feasibility and time lines of each project. The Committee shall look into the utility of the projects in terms of modernization & integration of supply and management chain, and make the final recommendations to Project Approval Committee.

9. **Project Approval Committee (PAC)**

There shall be a Project Approval Committee to consider and approve the recommendations of Project Scrutiny Committee headed by ***Minister of Textiles Secretary (Textiles), Additional Secretary & Financial Adviser, Ministry of Textiles and Joint Secretary, Ministry of Textiles in charge of SITP as members.***

10. **Project Monitoring and Evaluation:**
    The Ministry of Textiles (MOT) will periodically review the progress of the projects under the Scheme. PMC would devise a suitable monitoring and evaluation system and shall furnish monthly reports/returns to the MOT. ***A Monitoring Committee headed by Secretary (Textiles), and Joint Secretary (SITP, Director (SITP), as members will be monitoring the projects.***

11. ***District Level Coordination Committee***
    In addition to the above, a District Level Coordination committee may be formulated under chairmanship of District Collector with representatives from Ministry of Textiles and other stakeholders for coordinating and monitoring the progress of the park.

12. In so far as interpretation of any of the provisions of these guidelines, the decision of the Project Approval Committee (PAC) shall be final. The PAC is also empowered to put in place detailed operating procedures and supplementary rules for implementation of the scheme guidelines.

Annex-I-A

Indicative list of points to be covered in the project reports under the Scheme for Integrated Textile Park (SITP)

1. Overview:

i. Brief objectives and compatibility of the proposal with objectives.

ii. Justification for the proposal and suitability of location, volume of existing activates and other schemes (State/ Central/CSS) in the vicinity or at the same location.

iii. Present Status:

- Availability of land & status of acquisitions.
- Availability of requisite clearances.
- Identification, agreement/ MOU with beneficiary units.

2. Total cost of the project with break-up for major facilities.
3. Base date and basis of estimating the cost.
4. Mode of funding & Phasing of expenditure i.e. contribution of various stake holders, (GOI, State Govt. & Other Agencies).
5. Land requirement and its distribution (Facility- wise)
6. Physical facilities being planned – capacities: backward & forward linkage.
7. Name of the implementing & Managing Agency/SPV, brief indication on responsibilities/ obligation (during implementation & future).
8. Gestation period, activity chart (PERT/CPM), major milestones/targets and date of commencement of operation.
9. Quantification of benefits in terms of increase in production, employment, exports and investments.
10. Sustainability issues: Projected O&M expenditure & means of meeting the same.
11. Financial viability to the extent available:
    - Project annual surplus, if any
    - Internal Rate of Return (IRR)
    - Percentage of occupancy to achieve viability
12. A synopsis of the discussions held with various Stake Holders.

Master plan of the area, mapping the components for which the assistance is being sought and as to how the other components are to be addressed.

Annexure 2. Textile Park Proposal Selection Process (As advertised by MoT vide Invitation of Proposal No. 19/1312015-SITP)

Minimum Eligibility Criteria:

To become eligible, the proposal should meet following criteria:

(a) Promoters

(i) The proposal should have minimum Eight (8) promoters of which minimum 1/3 should be having experience in textile manufacturing. In case of registered SPV only Directors with shareholding in the SPV will be considered as promoters. PMC will submit support documents from website of Registrar of Companies. If SPV is not yet formed, the promoters will give an affidavit that they will form SPV under Companies Act within a month after in-principle approval of the project.

(b) Net-worth of promoters

(i) Net worth of each of the promoter/shareholder shall be 1.5 times of his total equity as proposed by him in common infrastructure, common facility, factory buildings and plant & machinery. (Certificate from C.A along with Balance Sheet and ITR to establish the claim be submitted.

In case, promoter is a company, a board resolution for their participation along with the capital investment and timelines in the new project may be given).

(ii) Each promoter has to contribute minimum 30% equity of the total investment proposed by him.

(iii) If term loan is proposed, then a copy of bank appraisal and approval letter from the bank shall be enclosed with the proposal.

(iv). State IDCs can also participate in the scheme. Their participation can be in the form of land equity. However, they have to mobilize minimum eight investors as envisaged in the selection criteria and form an SPV to implement the project.

(c) **Land**

(i) Minimum 25 Acres of land either registered in the name of promoter(s) of the SPV, or "Agreement to sale in favour of SPV" or letter of intent for allotment in favour of SPV, in case land is provided by the State, is must with the application. However, minimum requirement of land area in case of North Eastern states and other special category States will be 10 acres. (If the land papers are in the regional language, an attested copy of English translation should also be submitted along with the proposal)

(ii) Within three months of in- principle approval of the project, land with necessary permission for industrial use should be in possession of the SPV, failing which the approval will be automatically cancelled without any further communication.

(d) Units:

(i) Minimum 10 units along with the names of the unit holders, product & production capacity of each unit, investment in the machinery (detailed list of machinery along with indicative cost) expected employment generation, source of funding etc. may be given in detail.

(ii) All Proposals shall be accompanied with Action plan with well-defined milestones for physical and financial targets for completion of infrastructure and production units and also commencement of productions in the units.

2.2 Technical Evaluation Criteria

(a) Technical proposal:

(i) The proposal shall clearly outline supply chain gap and strategy to address the same through project design.

(ii) Although the Scheme is conceptualized to create integrated infrastructure which would address entire value chain in textile industry, however, theme based parks specially processing and garmenting sector which require special attention due to their role in exports and employment generation shall be given preference.

(iii) Impact of the project on employment generation for local population and strategy to mobilize manpower with requisite skill sets may be elaborated in the project.

(iv) PMCs is required to do due their diligence on technical aspects of the proposal i.e. land position, location of the park, number of production units in the value chain, viability of the production units, investment and source of investments (with proof) employment generation, market linkages, reasonableness, proposed project cost, background and credentials of the promoters etc. and bring only sound and credible proposals before the PSC for further evaluation. In case PMC is not able to establish viability of the technical proposal before PSC, the proposal will be rejected summarily.

(v) In case the Park fails to come up as per projections, the PMC will be held accountable and financial penalty as determined by the competent authority will be imposed on them.

(vi) The eligible and technically viable proposals will be given scores against the criteria as given below.

	Criteria	**Weightage**
1	Avg. net-worth of promoters against average equity proposed in the project	35
	1.5 to 2 times of average equity	15
	>2 to 3 times of average equity	25
	>3 times of average	35
2	Proposals where State Industrial Infrastructure Development Corporations are participating	10
3	Proposal for setting up Textile parks in the States where eco system for organized textile sector is non-existent	15
4	Experience of the members in Textile Manufacturing	40
	30% of promoters having experience in Textile Manufacturing	20
	50% of promoters having experience in Textile Manufacturing	30
	100% of promoters having experience in Textile Manufacturing	40
	Total	**100**

3. The proposal has to secure a minimum of 40 marks to qualify in technical evaluation.

4. All the proposals found technically fit by the Project Scrutiny Committee (PSC) will be placed before the Project Approval Committee (PAC) in order of merit for consideration and approval.

General instructions for PMC:

(i) The proposal shall have confirmed participation of industry along with business plan of each of the members in the proposed park.

(ii) SPV has to complete all formalities related to land including necessary permission for industrial use of the land and all other necessary statutory and environmental clearances within three months of in-principle approval to the proposal. Funds will not be released till SPV is ready with all mandatory clearances required to start the project.

(iii) After sanction of the Park the SPV will develop a website of the park and upload all relevant information about the profile of Textile Park on the website. The construction pictures of the park shall be uploaded on the website on 1 st day of every month.

(iv) The project to be completed within three years of the sanction failing which appropriate penalty as envisaged in the guidelines will be invoked.

Annexure 3: Scheme guidelines for additional grant for apparel manufacturing units under Scheme for Integrated Textile Park (SITP)

I. Background

a) Integrated greenfield textile parks have been set up under the flagship Scheme of Ministry of Textiles namely "Scheme for Integrated Textile Parks" (SITP) aimed at creating world-class infrastructure for Textile Industry

b) In order to provide a fillip to the Apparel Manufacturing Industry and generate additional employment, particularly for women, the Finance Minister in his Budget speech of 2013-14 has announced an additional grant up to Rs 10 crore per Park, for apparel manufacturing units within the parks up to Rs 50 Crore.

c) This additional support to apparel manufacturing units is expected to generate direct employment up to 4,000 persons in each park, by leveraging the infrastructure already created in the parks

d) This additional support would be available during the 12the Five Year Plan

e) The following are the guidelines, under which the additional assistance up to Rs 10 crores per park, for promoting investments in apparel manufacturing, would be provided

II. Eligibility criteria for Assistance

To set up Apparel Manufacturing units in SITPs the following eligibility criteria is laid down.

a) The assistance would be available to the Special Purpose Vehicle (SPV) companies of the approved textile parks under SITP which have operationalized 25% of the approved units till 31st March, 2013.

b) This grant shall be available for setting up of only additional infrastructure required for apparel and ancillary units, as permissible under the current guidelines of SITP (except for procurement of land) in the Park. The eligible components of the project include (i) **Factory Buildings** for apparel manufacturing units (ii) **Common facilities** like crèches, Working women hostel, canteen etc. Common Infrastructure for only the additional facilities created would be sanctioned.

c) The SPVs should leverage the common infrastructure already created in the park and the grant shall be available for setting up additional manufacturing units which would capitalize on the existing infrastructure.

d) SPVs would be encouraged to build some extra area under production for providing plug and play infrastructure to be given on rental/hire purchase model to be approved by PAC on a case to case basis.

e) The SPVs should set up a minimum of 3 apparel manufacturing units including ancillary units in the Park. The proposed apparel manufacturing units may be set up within the existing park and /or by way of acquiring additional land in contiguity with the existing park.

f) The assistance of GoI would be limited to 40% of the proposed project cost, not exceeding Rs 10 crores for each park. Thus SPVs intending to avail Rs 10 crores of grant assistance, would need to invest Rs 15 crores (through equity/loans/other sources) in the ratio of 40:60. SPVs to upfront bring in 10% of their proposed contribution in escrow account.

g) The eligible SPVs wishing to avail this additional grant, are required to submit project proposal through empanelled PMCs, for consideration by the Ministry of Textiles. Such proposals should provide the following details:
   i. Details of proposed apparel manufacturing unit(s): area, capacity, product type etc.
   ii. Details of support infrastructure like power, water, workers' hostel & factory building etc. additionally required for new facilities.
   iii. Estimated project cost and proposed funding
   iv. Estimated impact in terms of employment and investment
   v. Proposed timelines for implementation of the project

h) The proposals shall be scrutinized by Project Scrutiny Committee and approved by Project Approval Committee of the SITP

i) The additional grant is proposed for (i) Factory building and (ii) Support Infrastructure/ Facilities and is for creating additionally in these components, wherever required and is over the above the 'factory building' and 'support infrastructure' that has been approved in the DPR of the existing Parks.

Funding Pattern of GoI assistance

The release of the GoI assistance shall be on the lines, similar to SITP guidelines for 12th Five Year Plan

1st Instalment:

i. 1st instalment representing 10% of the total GoI share will be paid to the SPV subject to SPV furnishing a Bank Guarantee of equal amount to the Ministry and fulfilment of following criteria:-
   a) Establishment of escrow account in a nationalized bank (In case the escrow account already opened for SITP is operational, the same would suffice the purpose, provided it is active)
   b) Recommendation of PMC
   c) DPR for establishing additional apparel manufacturing units and support infrastructure, duly validated by PMC, and approved by Project Approval Committee (PAC)

2nd Instalment

2nd instalment representing 15% of the total GOI share will be paid to the SPV subject to SPV incurring their proportionate contribution (i.e. 25% of the total SPV share from all the sources) of the grant released and fulfilment of following criteria:-

a) Utilisation Certificate for the 1st Instalment
b) Sanction Letter for loan Component, in case SPV is taking term loans
c) Award of contracts worth equivalent to at least 30% of the additional project cost
d) Availability of all statutory clearances necessary for commencement of the project as certified by PMC, including water and electricity
e) Detail of equity contribution.

<u>3rd Instalment</u>

25% of the total GOI share after the utilisation of the 2nd instalment and after the proportionate expenditure (i.e. 50% of the total SPV share from all the sources) has been incurred by the SPV. Utilisation Certificate (UC) of the 2nd Instalment shall be submitted by the SPV at the time of making claim for the 3rd Instalment

<u>4th Instalment</u>

25% of the total GOI share after the utilisation of the 3rd instalment and after the proportionate expenditure (i.e. 75% of the total SPV share from all the sources) has been incurred by the SPV. Utilisation Certificate (UC) of the 3rd Instalment shall be submitted by the SPV at the time of making claim for the 4th Instalment

<u>Final Instalment</u>

25% of the total GOI share will be <u>released after 100%</u> of the proposed unit starts their production. The UC of the 4th Instalment shall also be submitted by the SPV at the time of making claim for the final Instalment

Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim

III. <u>Role of SPV</u>

The SPVs shall be responsible for the following, on the lines similar to SITP Guidelines

a) Arranging land for additional apparel manufacturing units and support infrastructure. The cost of which shall not be built into project cost
b) Mobilizing the balance funds for completion of the Park through a mix of Equity and Term loans
c) Obtaining statutory clearances
d) SPV would appoint contractors/consultants in a fair and transparent manner, in order to ensure timely completion of the project.
e) The SPV will enter into an agreement with the MoT for timely completion of project and proper utilization of Government grants

IV. <u>Role of PMC</u>

a) The PMC will be responsible for the speedy implementation of the Projects in a transparent and professional manner and would play similar role as provided in the scheme guidelines of SITP. Salient features of the role of PMC are as follows:

   i. Due diligence, preparation/appraisal of the proposal for setting up apparel manufacturing units
   ii. Recommending the proposal to Ministry of Textiles for consideration iii. Assisting the SPV in obtaining statutory clearances
   iii. Monitoring the implementation and submit periodical progress to Ministry of Textiles

b) PMCs shall be provided fee for their services, by Ministry of Textiles as per the agreement in force. PMCs shall not be permitted to provide Technical Services to the SPVs

V. These guidelines are in addition to the existing guidelines of SITP. In so far as interpretation of any of the provision of these guidelines, the decision of the Project Approval Committee (PAC) shall be final. The PAC is also empowered to put in place detailed operating procedures and supplementary rules for implementation of the scheme guidelines.

Annexure 4: Scheme guidelines for pilot phase of textile industry workers' hostel

1. Background

1.1 The Indian textile industry contributes to 14% of industrial production, 4% of country's GDP, 17% of export earnings. It is the second largest provider of employment, after agriculture, and provides direct employment to over 35 million people. The current size of the industry at US $80 billion, with substantial export earnings growth in the recent years, is expected to reach US$ 221 billion by 2021.

1.2 One of the constraints faced by the Industry has been the shortage and high attrition of manpower. The primary reason for this, apart from relative low wages, is lack of decent accommodation for the workers at or near the work places.

1.3 Ministry of Textiles has been assisting the industry in setting up of green field textile parks under SITP with global quality infrastructure for competitiveness enhancement. Similar parks have been set up by the Ministry under various other schemes, and by the State Governments through Industrial Infrastructure Development Corporations. These parks, as manufacturing hubs, have enabled creation of economies of scale and generated large number of jobs

1.4 Availability of workers' hostel which provides decent accommodation in the Parks is expected to help the industry in attracting and retaining the work force. The experience of several countries, particularly China, has shown that the availability of large scale accommodation facilities for the workers in the manufacturing clusters has enabled the industry in improving their productivity and competitiveness. It is in this context this Scheme is being launched

2. Objectives of the Scheme

The objectives of the Scheme are as follows:

- provide a safe and secured accommodation for the workforce
- ensure better retention of the work force by way of decent accommodation in/vicinity of the textile parks, thereby improving the productivity

The Scheme target is to create workers' hostel for approximately 3,750 workers during the balance 12th Five Year Plan period.

3. Project

The Project aims to establish workers' hostel for the workers of textile industry with the support of Ministry in /in the vicinity (within 5 kms radius of the park) through grant assistance from MoT.

3.1 **<u>Project Components:</u>** The eligible components of the project include the following:

a. Buildings for workers comprising of dormitories for a minimum of 250 workers (150 workers for NE & J&K) and maximum for 1000 persons with built up area @125 sq. ft/capita. A dormitory can house a maximum of six persons.
b. Common Facilities like kitchen, dining hall, store, recreation rooms, sports infrastructure, visitor's room, etc.
c. External Infrastructure including water supply, power supply, generator etc.
d. Furniture and Fixtures including room furniture/furnishing/kitchen hardware etc. not exceeding 30% of the cost of Buildings as given under point (a) and (b) above
e. Project Cost under this Scheme shall be the total cost of the components from (a) to (d) above.

a. **Standards**: The Workers' Hostel shall follow the minimum standards in terms of living space per worker, toilet facilities, water supply and common rooms, as prescribed under National Building Code. The design of the hostel shall comply with the local development control rules and applicable planning regulations with regards to, allowable built up area, height, coverage, etc. The indicative area requirements/standards for the above mentioned components are listed below.

Area Requirements/ Standards

	Area	**Area Requirement/ Standard Adopted**
1	Entrance Lobby	
2	Visitors Waiting Area	6 – 7 Sq.mt for every 100 Persons
3	Administration/ Office Area with attached toilet	4 – 5 Sq.mt for every 100 Persons
4	Warden Room with attached toilet	1 Warden per 200 persons
5	Common/ Recreation/ Indoor sports room	1 Sq.mt for every 10 persons
6	General Store room	5 – 6 Sq.mt for every 100 Persons
7	Dining Area for at least 1/3 rd of the total numbers of inmates	Capacity to accommodate at least 1/3 rd of the total number of inmates at a stretch and @ 1.3 Sq.mt per person
8	Kitchen with Store room	30 % of the total area of the Dining Space or @ 0.15 Sq.mt per person, whichever is greater
9	Hostel Room- (6-8 Beds per room)	At least 3.5 Sq.mt per Person
10	Common Toilets	1 WC for every 6 persons and 1 bathroom for every five persons
11	Supervisors/ Visitors room with attached toilet	9 Sq.mt per room

4. Project Implementing Agencies (PIAs)

The following organizations will be eligible to submit proposals under the Scheme and will function as PIA's:

i. The SPV's set up under SITP where a minimum of 25% units are operational and where the approved DPR of the ITP does not include components provided under this scheme.
ii. The SPVs promoted under the other schemes of MoT viz., TCIDS, APES, etc.
iii. State Industrial Development Corporations.
iv. SPV's of Textile Parks promoted by State governments/UTs.
v. Developers of SEZs.
vi. Industry Associations or groups of Entrepreneurs.

It is to be noted that the proposed hostel facility shall be utilized for textile industry workers only, and the accommodation in these hostels shall be provided to the workers or their companies on rental/lease basis

4.1 **Role of the IA:**

The role of the IAs, shall comprise but not limited to the following:

- Conceptualize, formulate and prepare the Detailed Project Report
- Provide/procure land for the hostel
- Obtain all the necessary statutory approvals to the project
- Allot rooms to the workers/member units of the park.
- Maintenance of the hostel facility and support infrastructure through lease rentals/user charges.
- Appoint contractors/consultants in a fair and transparent manner.
- Provide Utilisation Certificate for the grant utilised

IA shall enter into an agreement with the Ministry to ensure that the hostel facility built under the proposed scheme is used for providing accommodation to textile workers only.

5. Grant Assistance and Release of Grant

5.1 The grant from Ministry of Textiles will be limited to 50% of the project cost per project subject to a ceiling of Rs. 3 Crore for each workers' hostel with built up area @ 125 sq. ft per capita. The PIA can built hostels for a maximum of 1000 workers. The cost of Land shall not be considered in the project cost. Land for hostels shall be contributed by the IA.

5.2 **Release of MoT assistance**

The grant is released by the Ministry in three equal instalments, after the project is approved by PAC. The release of grant is as follows:

1st Instalment: 1/3rd of the total grant shall be released by the ministry upon fulfilment of following conditions

- Land in possession of the IA
- Availability of all statutory clearances necessary for commencement of the project
- Appraisal of the DPR and recommendation by the PMC
- Approval by Project Approval Committee (PAC)

2nd Instalment: 1/3rd of the total grant after Utilization Certificate (UC) of the 1st Instalment and after the proportionate expenditure (i.e. 1/3rd of the total SPV share from all sources) has been incurred by the SPV. Utilization Certificate (UC) of the 1st instalment shall be submitted by the IA at the time of making claim for the 2nd instalment.

3rd & Final Instalment: 1/3rd of the grant share will be released upon completion of the project and 60% occupancy in the Workers' Hostel. The IA shall submit the utilization of the 2nd instalment of grant and CA certificate evidencing its entire contribution for the project cost at the time of making claim for the 3rd instalment.

6. Approval and Monitoring

6.1 Project Management Consultants

The empanelled PMCs of all the projects covered under Para 4 will function as, PMCs for this Scheme. PMCs for existing ITPs under the MoT scheme will be paid fee equivalent to the fee amount currently in force for PMC services under the projects already sanctioned. The fee shall be released as per the following schedule

Fee Amount	Payment Milestone
33% of Professional Fee	On approval of DPR and release of 1st instalment
33% of Professional Fee	On release of 2nd instalment
34% of Professional Fee	After the submission of completion certificate by IA to the ministry's satisfaction

6.1.1 Role of the Project Management Consultant

The PMC shall be responsible for:

- Conceptualization and preparation of Detailed Project Report
- Assist the IAs in achieving financial closure, if necessary
- Assist the IAs in obtaining the necessary approvals and clearances
- Carry out Technical & Financial appraisal of the proposal/DPR
- Periodical monitoring of the progress of the projects

- Ensuring timely completion of project(s) as determined by the Ministry
- Assist the Ministry in developing appropriate agreements with the IAs

The PMC shall not be permitted to enter into any agreement with the IAs for provision of any services related to the implementation of the project that would create a conflict of interest

6.1.2 Role of State Government

The role of the State Government is envisaged in the following areas:

- Providing all the requisite clearances, wherever needed, for setting up the hostel
- Providing the necessary assistance for power, water and other utilities to the hostel.
- Other facilitating support

6.2 Approval Process

Ministry of Textiles shall constitute a Project Scrutiny Committee (PSC) for appraising the project and a Project Approval Committee (PAC) for approving the project.

Project Scrutiny Committee (PSC): The project proposals submitted by the SPV through PMCs shall be evaluated by the Project Scrutiny Committee (PSC) headed by JS (SITP), Ministry of Textiles and comprising of:

- Advisor (Industry), Planning Commission or his representative
- Joint Secretary (PF-II), Department of Expenditure or his nominee
- Joint Secretary (Infrastructure), Department of Commerce or his nominee
- Joint Secretary (IIUS), Department of Industrial Policy & Promotion or his nominee
- Textile Commissioner, Mumbai
- Economic Advisor, Ministry of Textiles
- Director, IFW, Ministry of Textiles
- Director (SITP), Ministry of Textiles – Member Secretary

The PSC shall recommend the list of eligible projects in the order of merit to the PAC for its consideration and approval.

Project Approval Committee (PAC): Subsequent to the PSC recommendation, a Project Approval Committee headed by Secretary (Textiles), AS&FA and JS, Ministry of Textiles in charge of SITP as members, shall consider and approve the project projects in accordance with laid down technical criteria and budget availability.

The PAC is empowered to put in place detailed operating procedures and supplementary rules for implementation of the scheme guidelines

Project Implementation Period

The implementation period for completion of the Project shall be 12 months from the date of release of first instalment of grant.

7. Assets

The assets built/acquired by the IA through the grant assistance of MoT shall not be disposed or utilized for the purposes other than for which the funds have been released.

8. O & M Framework

The IA shall fix appropriate rentals from the occupant workers or their employers and user charges for the services provided to fully recover the O&M cost and make the project sustainable.

Annexure 5: Employment estimation in relevant segments for 2016

Employment in textile and allied sectors				
		Employment (In Mn. Nos.)		
Sr. No.	**Sector / Industry**	**As on March 2011 (Prov)**	**Projected for the terminal year of the Twelfth Plan (2017)**	**Increase**
I.	**Textile sector**			
1	Cotton/Man-made Fibre/Yarn Textile/Mill Sector (including SSI spinning & exclusive weaving units)	1.4	1.61	0.21
2	Man-made Fibre/Filament Yarn Industry (including texturizing industry)	0.24	0.28	0.04
3	Decentralised Powerlooms Sector	5.08	5.84	0.76
4	Handloom Sector	7	8.05	1.05
5	Knitting Sector	0.45	0.52	0.07
6	Processing Sector	0.44	0.51	0.07
7	Woollen Sector	3.2	3.68	0.48
8	Ready Made Garment Sector	11.22	12.9	1.68
	(including Knitwear Sector)			
9	Sericulture	7.7	8.86	1.16
10	Handicraft Sector	8	9.2	1.2
11	Jute Industry			
	i) Organised Jute Industry	0.26	0.3	0.04
	ii)Decentralised Jute Industry	0.2	0.23	0.03
	Total (I)	45.19	51.97	6.78
II.	**Allied Sector**			
1	Cotton			
	i) Cotton Agriculture	20	23	3
	ii) Cotton Ginning/Pressing	1.3	1.5	0.2
	iii)Cotton Trade	19	21.85	2.85
	Sub – Total	40.3	46.35	6.05
2	Sheep rearing	2.8	3.22	0.42
3	Jute Agriculture	17	19.55	2.55
4	Textile machinery industry & accessories	0.1	0.12	0.02

Employment in textile and allied sectors				
		Employment (In Mn. Nos.)		
Sr. No.	Sector / Industry	As on March 2011 (Prov)	Projected for the terminal year of the Twelfth Plan (2017)	Increase
	Total (II)	60.2	69.23	9.03

Estimation of employment in 2016 in segments[38] relevant to textile parks:

Total employment in relevant segments in 2011	= 13.75 million
Estimated employment in relevant segments in 2017	= 15.82 million
Calculated CAGR	= 2.4%
Projected employment in relevant segments for 2016	= 15.45 million

Annexure 6: Mega Food Parks Scheme (MFPS) guidelines

1. Background

1.1. Based on extensive feedback and consultations with various stakeholders, the earlier Scheme of Food Parks during the 10th Five Year Plan was revised and reformulated as the Mega Food

[38] Segments* include centralized mill sector, manmade fibre sector, knitting sector, processing sector and readymade sector.

Parks Scheme (MFPS) during the 11th Five Year Plan. The detailed guidelines for the Scheme were issued on 19.12.2009 and subsequently modified on 17.11.2011.

1.2. Based on the learning experience over a period of time and for more effective implementation of the Scheme, modifications have been approved in the Scheme guidelines from time to time.

1.3. The Scheme is being implemented by the Ministry to develop Mega Food Parks in the country. Ministry has given "In-principle" approval to 10 MFP projects in the 1st phase and 5 MFP projects in the 2nd phase. The list of 15 projects approved during 1st and 2nd phases is given at Annexure A. "In-principle" approval has also been given to 15 MFP projects in 3rd phase, list of these projects is given at Annexure B.

1.4. The consolidated Scheme guidelines after incorporating all the modifications approved till date are given below. These guidelines will be applicable to all the projects approved under the Scheme, unless specified in the respective paras.

2. Objectives of the Scheme

2.1 The primary objective of the MFPS is to provide state of the art infrastructure facilities for the food processing along the value chain from the farm to the market. It will include creation of infrastructure near the farm, transportation, logistics and centralized processing centres. The main feature of the Scheme is a cluster based approach. The scheme will be demand-driven, pre-marketed and would facilitate food processing units to meet environmental, safety and social standards.

2.2 MFPS is expected to facilitate the achievement of the „Vision 2015‟ of the Ministry of Food Processing Industries to raise the processing of perishables in the country from the existing 6% to 20%, value addition from 20% to 35% and the country's share in global food trade from 1.5% to 3% by the year 2015.

2.3 The expected outcome is increased realization for farmers, creation of high quality processing infrastructure, reduction in wastage, capacity building of producers and processors and creation of an efficient supply chain along with significant direct and indirect employment generation.

3. Salient Features of the Scheme

3.1 The Scheme aims to facilitate the establishment of a strong food processing industry backed by an efficient supply chain, which would include collection centres, primary processing centres and cold chain infrastructure. The food processing units, under the Scheme, would be located at a Central Processing Centre (CPC) with need based common infrastructure required for processing, packaging, environmental protection systems, quality control labs, trade facilitation centres, etc.

3.2 The extent of land required for establishing the CPC is estimated to be between 50- 100 acres, though the actual requirement of land would depend upon the business plan, which may vary from region to region. CPC would be supported by farm proximate Primary Processing Centres (PPC) and Collection Centres (CCs) in identified locations based on a techno-feasibility study, adequate to meet the requirements of the CPC. The land required for setting up of PPCs and CCs at various locations would be in addition to land required for setting up the CPC.

3.3 It is expected that on an average, each project will have around 30-35 food processing units with a collective investment of Rs 250 crores that would eventually lead to an annual turnover of about Rs 450-500 crores and creation of direct and indirect employment to the extent of about 30,000 persons. However, the actual configuration of the project may vary depending upon the business plan for each Mega Food Park. The aggregate investment in CPC, PPCs and CCs should be proportionate and commensurate to the size of the total project keeping in view the economies of scale.

3.4 The spirit of the Guidelines of the Mega Food Parks Scheme is to facilitate setting up of only food processing industries. Accordingly, only food processing industries that make food products fit for human/animal consumption may be permitted to be set up in the Mega Food Parks. Packaging as ancillary to the food processing industries may also be allotted land in the Mega Food Parks. **(Modified w.e.f. 14.03.2012)**

4. Pattern of Assistance

4.1 The Scheme shall provide a capital grant at the rate of 50 percent of the eligible project cost* in general areas and at the rate of 75 percent of eligible project cost in difficult and hilly areas i.e. North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States subject to a maximum of Rs.50 crores per project.

* The eligible project cost is defined as total project cost minus cost of land, pre-operative expenses and margin money for working capital. However, Interest during Construction (IDC) as part of pre-operative expenses would be considered under the eligible project cost. **(Modified w.e.f. 17.11.2011)**

4.2 Considering the complexities of the Scheme, the Ministry would engage a Program Management Agency (PMA) to provide management, capacity building, coordination and monitoring support. For meeting the cost of the above and also other promotional activities by the Ministry, a separate amount, to the extent of 5% of the overall grants available, will be earmarked.

4.3 The project cost for the purpose of eligibility under this Scheme would consist of the following components:

I. Core Processing Facilities

4.3.1 Central Processing Centre: Cost of development of industrial plots and cost of civil work & equipment's for common facilities like testing laboratory, cleaning, grading, sorting and packing facilities, dry warehouses, specialized storage facilities including Controlled Atmosphere Chambers, Pressure Ventilators variable humidity stores, pre-cooling chambers, ripening chambers etc., cold chain infrastructure including reefer vans, packaging unit, irradiation facilities, steam sterilization units, steam generating units, Food incubation cum development centres etc.

4.3.2 Primary Processing Centres and Farm Proximate Collection Centres: These shall have components like cleaning, grading, sorting and packing facilities (including equipment) dry warehouses, specialized cold stores including pre-cooling chambers, ripening chambers (including equipment), reefer vans, mobile pre-coolers, mobile collection vans etc.

4.3.3 The above mentioned facilities are only illustrative and the exact nature of facilities may vary from project to project based on specific requirements as appraised by the concerned bank. However, it is desirable to allocate at least 35 percent of the eligible project cost towards creation of above mentioned core processing facilities.

II. Factory buildings

It will consist of standard factory sheds for Micro and Small Enterprises (MSEs) which are built on a maximum of 10 per cent of the area of CPC as part of plug and play facilities for MSEs.

III. Enabling Basic Infrastructure

It will include roads, drainage, water supply, electricity supply including captive power plant, effluent treatment plant, telecommunication lines, parking bay including traffic management system, weighbridges etc. at the PPC and CPC level**.** However, of the total proposed cost of captive power plant, cost not exceeding Rs.10 crore shall be considered as eligible project cost for grant assessment. Any additional cost towards setting up of captive power plant would be required to be met exclusively from SPV‟s contribution. The SPV has to demonstrate a firm plan to ensure good quality assured power supply to prospective units in the Park.

IV. Non-Core Infrastructure

It will consist of support infrastructure such as administrative buildings, training centre including equipment's, trade and display centre, crèche, canteen, workers‟ hostel, offices of service providers, labour rest and recreation facilities, marketing support system, etc. However, the cost of non-core infrastructure facilities not exceeding 10 percent of the eligible project cost, would be eligible for grant purpose.

V. Project Implementation Expenses

This would include cost of hiring the services of domain consultants by the SPVs for preparation of DPRs, supply chain management, engineering/designing and construction supervision etc.

VI. Land

Land for the project shall be purchased / arranged by the SPV. The registered value of such land would be taken as part of the project cost and contribution/share of the SPV. The GoI grant shall not be used for procurement of land.

Although the projects are expected to be formulated by the SPVs based on the felt needs, the projects with greater emphasis on establishment of core processing facilities and thereby directly enabling the establishment of food processing units would be given preference.

5. Implementation Process

5.1 Special Purpose Vehicle (SPV)

5.1.1 The responsibility of execution, ownership and management of the Mega Food Park would vest with a Special Purpose Vehicle (SPV) in which Financial Institutions/Banks, organized retailers, processors, service providers, producers, farmer organizations and other related stakeholders would be the equity holders. The preference for sanctioning assistance under the Scheme would be given to those SPVs in which industry units with the plans of processing wide range of perishable products will have major stake.

5.1.2 Eligibility criteria for SPV

The main eligibility criteria of the SPVs, which shall act as Implementing Agencies (IAs) of the projects under the Scheme are indicated below:

i. SPV shall be a Body Corporate registered under the Companies Act.

ii. Each SPV would have at least three entrepreneurs / business units, with the entrepreneurs being independent of each other and business units with no common directors.

iii. The promoter holding maximum equity in the SPV will be the lead promoter. The lead promoter will be primarily responsible for co-ordination with all stakeholders including with the Ministry of Food Processing Industries to ensure effective implementation of the project. **(Modified w.e.f. 14.03.2012)**

iv. At least 26 percent of equity of the SPV should be held by food processor(s) within the SPV.

a) The combined net worth of shareholders of the SPV should not be less than Rs.50 crore with food processor(s) having at least Rs. 10 crore of net worth.

b) Each member in SPV must have a net worth at least 1.5 times of their proposed equity contribution in order to ensure requisite contribution for the project. The clause v (b) is applicable only to $3^{rd.}$ phase projects. **(Modified w.e.f. 17.11.2011)**

v. The SPV needs to bring in at least 20 percent of the total project cost as equity in general areas and at least 10 percent of the total project cost in difficult and hilly areas i.e. North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States.

vi. Government agencies can also become shareholders in the SPV, if they so desire, holding up to a maximum of 26 percent of share capital so as to ensure private sector character of the SPV.

5.1.3 As Implementing Agencies, the SPVs would be responsible for the following:

i. To formulate the Detailed Project Report (DPR) and execute the project in a transparent, efficient and timely manner

ii. To procure land and ensure external infrastructure linkages for the projects

iii. To obtain key statutory approvals/clearances including environmental clearances, which are prerequisite for commencement and operation of the Project

iv. To achieve financial closure and ensure completion of project v. To own and maintain the common infrastructure

v. To receive the financial assistance under the Scheme, and its utilization in a transparent and judicious manner and maintain proper account

5.2 **Program Management Agency (PMA)**

5.2.1 The Ministry will appoint a Program Management Agency (PMA) to assist it in implementation of the Scheme. The PMA will be a reputed pan India institution with extensive experience in project development, management, financing and implementation of cluster infrastructure projects.

5.2.2 The envisaged role of PMA is as follows:

i. To assist the Ministry in organizing a series of workshops/media campaigns aimed at sensitizing the potential stakeholders about the MFPS.

ii. To assist the Ministry in inviting Expression of Interest for projects under the Scheme.

iii. To assist the Ministry in selection of projects through evaluation/appraisal of techno-feasibility reports and DPRs submitted for Mega Food Park projects. Appraisal of the DPRs will include examination of financial viability and sustainability of Ownership & Management structure of the projects.

iv. To assist in the evaluation of any amendments to the projects/DPRs.

v. To assist the SPVs in financial closure.

vi. To assist the Ministry in release of the grant under the Scheme.

vii. To monitor and report the progress of the Mega Food Park projects to the Ministry.

5.3 **Project Management Consultant (PMC)**

In addition to the PMA, for ensuring smooth implementation of projects at ground level, Ministry has drawn up a panel of Project Management Consultants (PMC) with the required experience in preparation of DPRs for large projects and in project implementation. Any of these Ministry empanelled agencies may be engaged by the SPVs for preparation of DPRs and for assistance in implementation and the cost of which would be considered as one of the eligible components of the project. However, such cost should not exceed 2% (inclusive of taxes) of the eligible grant amount of the project. The list of agencies empanelled by the Ministry is given at **Annexure 'C'**

5.4 **Expression of Interest**

5.4.1 In response to the notice inviting Expression of Interest (EoI) by Ministry for selection of Projects, a proposal for the proposed Mega Food Park will be submitted by the promoters/SPV. An illustrative list of points to be covered in the proposal along with EoI is provided at Annexure 'D'. The proposal will be evaluated by the Ministry through the PMA, as per illustrative criteria finalized by the Ministry given at Annexure 'E' so as to ensure the selection of the eligible and the most viable projects.

5.4.2 The proposal would have tentatively identified the locations of the CPC and PPCs, availability of land, availability of group of minimum 3 stakeholders who would be the potential shareholders of the proposed SPV, the proposed level of investment including the estimated project cost and the proposed means of finance, the number and type of food processing units, and requisite backward and forward linkages. The proposals having ownership and possession of suitable land for the project will be given preference.

5.5 In-Principle Approval

The proposal submitted in response to the EoI will be evaluated by the Program Management Agency (PMA). The applicants will also make a presentation of their proposals before the Technical Committee (TC).

The PMA will undertake evaluation on a scale of 100 points on the basis of EoI proposals while the TC will undertake independent evaluation on a scale of 50 points on the basis of the presentation made by the applicants. The final evaluation report along with the recommendations of the TC will be placed before the Inter-Ministerial Approval Committee (IMAC) for consideration of "In-Principle Approval" to the projects. The evaluation criteria for PMA & TC are placed at **Annexure E.1 and E.2** respectively. **(Modified w.e.f. 17.11.2011)**

If the SPVs fail to submit the requisite DPRs along with other requirements needed for Final Approval within 6 months from the date of according "In-Principle Approval", the "In-Principle Approval" stands automatically cancelled, unless extension of time is granted by the Approval Committee (AC).

5.6 Final Approval

5.6.1 Project will be accorded Final Approval by the Approval Committee (AC) on fulfilment of the following conditions:

i. Submission of Detailed Project Report (DPR) consisting of technical, commercial, financial and management aspect of the project and its appraisal/recommendations of the PMA and Technical Committee. The DPR should include cluster analysis depicting availability of raw materials, legible contour survey report and contour plan/maps of the proposed land, site analysis for element like soil analysis, flood history, onsite features etc. for realistic cost estimate of land development and construction, detailed master plan along with sectional drawings and building plan with legends giving clear picture of little of drawings and other relevant details, construction cost certified by Chartered Engineer, cost of plant and equipment backed with quotations from equipment and machinery suppliers etc. and its appraisal/recommendations of PMA and Technical Committee.

ii. Submission of proof for possession of at least 50 acres of contiguous land by the SPV for the CPC. The land should have conversion for industrial /infrastructure use. In case of land acquired by SPV on lease basis, the leased period should be for a minimum of 25 years.

iii. Submission of proof for incorporation of SPV and execution of Share Subscription Agreement amongst the members of SPV.

iv. Plan to fund the project, other than the grant portion - plan needs to be supported by proposed equity contribution clearly suggesting respective cash contribution from each of the shareholders in proportion to their equity holding and sanction letter of term loan from the bank through which term loan is being proposed, along with bank appraisal report.

v. Proof of appointment of Project Management Consultant (PMC). The PMC for the project should be selected only from the agencies empanelled by the Ministry. **(Modified w.e.f. 17.11.2011)**

5.7 **Technical Committee and Project Approval Committee:**

5.7.1 Technical Committee headed by the Joint Secretary (MFPI) would scrutinize the proposals/EoIs and Detailed Project Reports along with the appraisal notes of PMA, and provide its recommendations/views to the Inter-Ministerial Approval Committee to enable the sanction of In-Principle and Final Approvals. The other members of the Technical Committee shall be as follows:

i. Representative from the Ministry of Agriculture

ii. Representative of APEDA

iii. Representative of ICAR

iv. Representative of the concerned State Government

v. Director (Finance), MFPI

vi. Director, MFPI- Convener

5.7.2 The Inter-Ministerial Approval Committee (IMAC), headed by Secretary (Food Processing Industries) would accord "In-Principle" and "Final Approvals" to the projects based on the recommendation/views of the Technical Committee. The AC shall regularly monitor the implementation of the projects sanctioned under the Scheme. The other members of the Committee shall be as follows:

i. Additional Secretary & Financial Advisor, MoFPI

ii. Advisor (Industry), Planning Commission

iii. Joint Secretary, Ministry of Agriculture

iv. Joint Secretary (PF-II), Department of Expenditure

v. Joint Secretary, MFPI

vi. Chairman, APEDA

vii. Chairman, MPEDA

viii. Director – MFPI - Member Secretary

ix. Secretaries of the respective State Governments where the projects are located would be invited for the Approval Committee meeting.

6. The ongoing projects sanctioned under the earlier Scheme of Food Parks of the previous Five Year Plans will continue to be provided Government assistance, as per the provisions of the respective

Scheme, out of the budget provision of Mega Food Parks Scheme.

7. Role of State Government

7.1 The role of the State Government is envisaged in the following areas:

i. Providing assistance to SPVs in procurement of suitable land.

ii. Providing all the requisite clearances, wherever needed, for setting up the MFP and its components thereof and providing the necessary assistance for Power, Water, approach roads and other external infrastructure to the project

iii. Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty, VAT/Sales Tax exemption etc. for the MFP and the units located in the MFP.

7.2 While approving the Mega Food Park projects, preference would be given to projects located in states which have or are in the process of providing encouraging / conducive and enabling environment in terms of Policy / regulatory framework (model APMC Act etc.), infrastructure and fiscal incentives for the food processing sector.

7.3 Providing a fast track single window agency to facilitate clearances and permissions required for the project

7.4 The State Government agencies like Infrastructure/Industry Development Corporations can also participate in the projects by way of subscribing to the equity of the SPV, if they so desire as per the norms stipulated in the Scheme.

7.5 The MFPs will be encouraged and assisted to seek approval of the projects under the Industrial Infrastructure Parks Scheme, 2002 and to avail of the benefits therein, provided the requisite conditions are met.

8. Dovetailing of Assistance and Revisions in Project Cost

i. Considering the complexities and challenges associated with a supply chain linked infrastructure projects of this nature, the SPV may dovetail assistance available under various other schemes of Central and State Governments, which would improve the viability of the projects. While dovetailing such assistance, it will be ensured that there is no duplication of assistance for the same component/activity of the project.

ii. The revision in project cost shall be approved by the IMAC. However, any revisions in the project cost up to 20 percent of the originally approved project cost without any change in scope of the project or project components shall be approved by the Secretary, after concurrence of the IFD. **(Modified w.e.f. 14.03.2012)**

9. Release of Funds

9.1 Once the project is accorded Final Approval by the Inter-Ministerial Approval Committee (IMAC), the grant will be released by the Ministry subject to fulfilment of conditions prescribed for each instalment as below:

A. The conditions for release of funds to the 15 projects (Annexure 'A') approved during

1st and 2nd phase of scheme implementation are as under:

I. First Instalment of 30 percent of total grant under the Scheme will be released in two tranches as 10 percent and 20 percent respectively.

The 1st tranche of the 1st instalment amounting to 10 percent of the total grant amount will be released subject to fulfilment of following criteria:

i. Incorporation of SPV.
ii. Possession of land with SPV as per DPR requirements, and its conversion into industrial use, if needed.
iii. Execution of Share Subscription Agreement
iv. Establishment of Trust and Retention Account in a Schedule A Commercial Bank and signing of the TRA Agreement with the Bank
v. Appointment of a nominee from the Ministry on the Board of the SPV. Tenure of the Ministry nominee will be co-terminus to the operationalization of the project.
vi. Final approval of the project by AC
vii. Proof of equity contribution of at least 10% by the SPV
viii. Proof of appointment of PMC by the SPV
ix. Recommendation of PMA confirming the above points (i) to (viii).

II. Second Tranche of First Instalment representing 20 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:

i. Utilization Certificate for the grant released in the 1st phase of First instalment
ii. Details of the contribution of the SPV towards its share of the project cost.
iii. Sanction Letter for loan Component, in case SPV is taking term loans.
iv. Award of contracts worth at least equivalent to 30% of the total project cost, excluding the land cost.

The release will be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions.

III. Second instalment of 30% of the total GOI share after the utilization of the 2nd tranche of the first instalment and after further proportionate expenditure (equal to the GOI share released) has been incurred by the SPV on the project (excluding land cost). Utilization Certificate (UC) of the 1st Instalment shall be submitted by the SPV at the time of making claim for the 2nd Instalment.

The release will be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions.

IV. Third instalment of 30% of the total GOI share after the utilization of the 2nd instalment and after further proportionate expenditure (equal to the GoI share released) has been incurred by the SPV on the project (excluding land cost). Utilization Certificate (UC) of the 2nd Instalment shall be submitted by the SPV at the time of making claim for the 3rd Instalment.
The release will be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions.

V. Ten percent of the total GOI share as final grant assistance will be released after successful completion of the project and operationalization of the common facilities in the CPC as mentioned in the DPR. The Utilization Certificate of the 3rd Instalment shall also be submitted by the SPV at the time of making claim for the final Instalment.

The release will be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions.

B. The conditions for release of funds to the projects approved during 3rd phase of scheme implementation are as under: (modified w.e.f 17.11.2011)

I. First Instalment of 30 percent of total grant under the Scheme will be released in two tranches as 10 percent and 20 percent respectively. The 1st tranche of 1st instalment will be released, subject to fulfilment of following criteria:
   i. Establishment of Trust and Retention Account and signing of the TRA Agreement with any Schedule - A Commercial Bank.
   ii. Appointment of Ministry's Nominee Director on the Board of the SPV. Tenure of the Ministry nominee will be co-terminus to the operationalization of the project.
   iii. Proof of increase in authorized capital of SPV to allow stipulated equity contribution as per approved means of finance for the project
   iv. Expenditure certificate from Chartered Accountant confirming expenditure of at least 10 percent of SPV‟s equity contribution out of the eligible project cost.
   v. Recommendation of PMA confirming the fulfilment of above conditions.

II. Second Tranche of First Instalment representing 20 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
   i. Utilization Certificate for the grant released as 1st tranche of 1st instalment.
   ii. Proof of proportionate expenditure by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant released as 1st tranche of 1st instalment.
   iii. Proof of proportionate contribution by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant to be released as 2nd tranche of 1st instalment.
   iv. Award of contracts worth at least equivalent to 30 percent of total project cost including at least 20 percent of approved components of basic enabling infrastructure.
   v. Recommendation of PMA confirming the fulfilment of above conditions.

III. Second Instalment representing 30 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
   i. Utilization Certificate for the grant released as 2nd tranche of 1st instalment.
   ii. Proof of proportionate expenditure by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant released as 2nd tranche of 1st instalment.
   iii. Proof of proportionate contribution by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant to be released as 2nd instalment.
   iv. Submission of documents in lieu of proof of possession of land for all PPCs along with construction schedule.
   v. Proof of commencement of construction of Standard Design Factory sheds for SMEs
   vi. Proof of allotment of at least 25 percent of total allotable plots as per approved DPR.
   vii. Recommendation of PMA confirming the fulfilment of above conditions.

IV. Third Instalment representing 30 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:

   i. Utilization Certificate for the grant released as 2nd instalment.
   ii. Proof of proportionate expenditure by SPV (including term loan and equity) out of eligible

project cost equivalent to grant released as 2nd instalment.

iii. Proof of proportionate contribution by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant to be released as 3rd instalment.

iv. Certificate from PMC confirming completion of at least 40 percent of construction of PPCs and proof of expenditure of at least 40 percent of the total proposed cost for PPCs as per approved DPR

v. Certificate from PMC confirming completion of at least 50 per cent construction of Standard Design Factory sheds for SMEs

vi. Proof of allotment of at least 50 per cent of total allotable plots.

vii. Recommendation of PMA confirming the fulfilment of above conditions.

V. Fourth and final Instalment representing 10 percent of approved grant assistance will be released to SPV subject to successful completion of project and commencement of operations. The criteria for completion of project are as follows:

i. Utilization Certificate for the grant released as 3rd instalment.

ii. Proof of expenditure of 100% equity contribution of SPV including Term Loan on the approved project components.

iii. Certificate from PMC confirming completion of the project as per approval.

iv. Certificate from PMC confirming completion of Plug n‟ Play facility with 75% of the MSEs units, as proposed in business plan, allotted space under Plug n‟ Play facilities.

v. Proof of allotment of at least 75 percent of total allotable plots and commencement of operations in at least 25 percent of the units.

vi. Recommendation of PMA confirming the fulfilment of above conditions.

9.2 Separate account as Trust & Retention Account (TRA) shall be kept by the SPV for the funds released by Government of India.

9.3 In the event of an SPV withdrawing from executing a project before utilizing the Government assistance, the SPV should immediately return the Government assistance together with the interest accrued thereon, in accordance with provision laid under GFR 19 of Government of India.

9.4 Starting for its request to the Ministry for the release of the 2nd tranche of the 1st instalment of the grant, the SPV shall have to submit a Utilization Certificate (UC) for utilization of amount of grant released by the Ministry in its previous tranches/instalments as per provisions of General Financial Rules. A format of the Utilization Certificate (UC) is given as per **Annexure 'F'**

10. Time Schedule

10.1 The time schedule for completion and successful operationalization of project will be 30 months from the date of issuance of Final Approval as per details given below: (modified w.e.f. 01.07.2012)

A. Time Schedule for completion of projects approved during the 1st and 2nd Phases

S. No.	Details of Instalments	Time Period
1	Final Approval to release of 1st tranche	2 months

2	Release of 1st tranche to release of 2nd tranche	8 months
3	Release of 2nd tranche to release of 2nd instalment	8 months
4	Release of 2nd instalment to release of 3rd Instalment	6 months
5	Release of 3rd instalment to release of 4th Instalment	6 months
	Total	**30 months**

B. Time Schedule for completion of projects approved during 3rd Phase

S. No.	**Details of Instalments**	**Time Period**
1	Final Approval to release of 1st tranche	4 months
2	Release of 1st tranche to release of 2nd tranche	6 months
3	Release of 2nd tranche to release of 2nd instalment	8 months
4	Release of 2nd instalment to release of 3rd instalment	6 months
5	Release of 3rd instalment to release of 4th instalment	6 months
	Total	**30 months**

Note: In the event of the SPV defaulting on the prescribed timeline in approaching the Ministry for release of any of the grant instalments, the IMAC may consider imposing appropriate penalty on case to case basis except in case of force de majeure or reasons beyond the control of the SPV.

10.2 The SPV shall make all possible efforts to complete the projects as per the stipulated timelines committed to while seeking approval for the project. However, except in case of force de majeure or reasons beyond the control of SPV, any wilful delay, not attributable to valid reasons beyond the control of the SPV, the Approval Committee (IMAC) may consider imposing appropriate penalty in terms of reducing the grant amount, on case to case basis.

11. Project Monitoring and Evaluation

The Ministry will periodically review the progress of the projects under the Scheme. The PMA would devise a suitable project monitoring system and shall furnish monthly reports/returns to the Ministry on the progress of the approved projects. In so far as interpretation of any of the provisions of these Guidelines is concerned, the decision of the Approval Committee (IMAC) shall be final.

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Annexure 7: Food Processing Fund 2014-15 – Operational Guidelines

Government of India (GoI) has accorded top priority for the development of the food processing industry in the country and accordingly in reply to the debate on General Budget in Lok Sabha on 18 July 2014, the Finance Minister had announced setting up of a Special Fund of Rs. 2000 crore in NABARD to make available affordable credit to agro-processing units being designated as Food Parks. The Fund has been established in NABARD by RBI. Financial assistance from this Fund, designated as Food Processing Fund – 2014-15, will be provided by NABARD either directly or through consortium arrangements with other financing agencies. State Governments, entities promoted by State/ Central Governments, Joint ventures, Cooperatives, Federation of Cooperatives, SPVs, Farmers' Producers Organizations, Corporates, Companies, Entrepreneurs, etc., may avail loans from this Fund **for establishing the designated Food Parks and also for setting up of individual food/ agro processing units in the designated Food Parks**.

2. The Salient features related with operationalization of the Fund are indicated below.

1	**Objective**	To provide impetus to development of food processing sector on cluster basis in the country to reduce wastage of agricultural produce and to create employment opportunities, especially in rural areas.
2	**Mode of Financial Support**	NABARD will provide **term loans** out of the Fund. Term loans will be provided either directly or through consortium arrangements with other financing agencies.
3	**Eligible Institutions/ Entities**	• State Governments • Entities promoted by State Governments (with or without Government Guarantee) • Entities promoted by Government of India, Joint ventures, SPVs, Cooperatives, Federations of Cooperatives, Farmers' Producer Organizations, Corporates, Companies, Entrepreneurs, etc.
4	**Designated Food Parks**	Only the Designated Food Parks and the individual processing units in the Designated Food Parks will be eligible for financial assistance from the Fund. The designated Food Parks will include: • Food Parks promoted by Ministry of Food Processing Industries (MOFPI), Government of India • Mega Food Parks promoted by Ministry of Food Processing Industries (MOFPI), Government of India • Food Parks/ exclusive food processing industrial estates promoted by State Governments

		• Designated food processing/ agro processing/ multi products SEZs, including de-notified areas of these SEZs. Any other area having developed enabling infrastructure and designated as Food Park by Ministry of Food Processing Industries (MOFPI), Government of India
5	**Type of Projects**	• Development/ Establishment of all infrastructure required in the designated Food Parks. • Augmentation/ modernization/ creation of additional infrastructure in the designated Food Parks. • Setting up of individual food processing units or any other unit that is established for supporting the operations of the food processing units within the designated Food Parks. • Modernization of existing processing units in the designated Food Parks resulting in process technology up gradation, automation, increased efficiency, improvement in product quality, reduction in cost, etc.
6	**Scope and types of processing activities**	The scope of processing activities undertaken by the individual units set up in the designated Food Parks may cover a wide range of post-harvest processes resulting in value addition and/ or enhanced storage life, such as cleaning, grading, waxing, controlled ripening, labelling, packing and packaging, warehousing, canning, freezing, freeze drying, various levels of product processing (primary/ secondary), etc. The products of processing/ manufacturing undertaken by the units may include: • Fruits, vegetables, mushrooms, plantation crops and other horticulture crops. • Milk and milk products • Poultry and meat • Fish and other aquatic & marine products. • Cereals, pulses, oilseeds and oil crops • Herbs, medicinal and aromatic plants, forest produce, etc. • Consumer food products, such as bakery items, confectionery, snacks, etc. • Any other ready-to-eat food/ convenience foods. • Beverages, non-alcoholic drinks, energy drinks, carbonated drinks, packaged drinking water, soft drinks, etc. • Food flavors, food colors, spices, condiments, ingredients, preservatives and any other item which may be required in food processing. • Nutraceuticals, health foods, health drinks, etc.

		• Any other activity approved by the competent authority for establishment in the designated Food Park.
7	**Terms of Lending**	

Sl. No	Borrowing entity	Max. Quantum of loan (% to eligible project outlay)	Tenure of loan	Rate of interest (% p.a.)	Security
(i)	State Governments	95%	7 years	As decided by RBI from time to time. Presently, it is as applicable for RIDF lending (Bank Rate – 1.50%)	An **undertaking** to the effect that State Government will repay the loans, with interest, in time and shall make adequate budgetary provisions to make the repayment obligations
ii)	Entities promoted by State Governments **(with Government Guarantee)**	95%	7 years	As decided by RBI from time to time. Presently, it is as applicable for RIDF lending (Bank Rate – 1.50%)	Primary security, Government Guarantee and Collateral Security as acceptable to NABARD
(iii)	Entities promoted by State Governments **(without Government Guarantee)**	95%	Up to 7 years	PLR* + Risk Premium	Primary Security and Collateral security as acceptable to NABARD

(iv)	Entities promoted by Government of India, Joint ventures, SPVs, Cooperatives, Federations of Cooperatives, Farmers' Producer Organizations, corporates, companies, entrepreneurs, etc.	75%	Up to 7 years	PLR* + Risk Premium	Primary Security and Collateral Security as acceptable to NABARD

***PLR: Prime Lending Rate of NABARD, as decided by NABARD from time to time** The Financial Parameters with regard to operationalization of the Fund are presented in **Annexure-1** and the aspects with regard to rating of the borrowing entity and the applicable rate of interest on term loan are indicated in **Annexure-2.**

Annexure-1

Food Processing Fund (FPF) 2014-15

Financial Aspects

1. **Project Cost**

Eligible items in the total project cost may vary depending on the nature of project and will generally include site development, civil works, internal roads, drainage, plant and machinery, equipment and other fixed assets, technology transfer fee and other consultancy charges, preliminary and pre-operative expenses, capitalized working capital for one operating cycle, etc. If specifically requested in the project proposal and based on the merit of the case, capitalization of interest during construction period will be considered. Where land is purchased by the borrowing entity specifically for the project, cost of land, not exceeding 10% of the total project cost, will be reckoned towards eligible project outlay and the balance cost, if any, is considered towards borrower's additional contribution.

2. **Extent of Term Loan**

i. The extent of term loan assistance out of the Fund will be variable up to a maximum of 95% for the State Governments and entities promoted by State Governments (whether or not supported by Government Guarantee) of the eligible total project outlay assessed by NABARD.

ii. For all other categories of borrowing entities, the extent of term loan will be up to a maximum of 75% of eligible total project outlay assessed by NABARD.

3. **Rate of Interest and Risk Rating of the Borrowing Entity**

i. The rate of interest on the loans sanctioned to the State Governments and to the state promoted entities guaranteed by the State Government will be as applicable for RIDF, i.e., Bank Rate less 1.50%.

ii. For the loans sanctioned to private sector entities where the interest rate will be linked to Prime Lending Rate (PLR) of NABARD, the applicable rate of interest is worked out taking also into account the risk premium which is assessed based on the risk rating exercise undertaken for the borrowing entity. Particulars of rating and risk premium and the rate of interest chargeable to the borrower on the term loans sanctioned to private sector entities are furnished in **Annexure-2**. Borrowing entities obtaining a rating of not below "A" will be considered for term loan from the Fund.

iii. **Risk Premium**

Risk analysis of the borrowing entity in the private sector will be carried out with reference to certain laid down parameters and weightage of marks allotted for each of the parameters. Depending on the total marks obtained by the entity, rating of the agency will be done and applicable risk premium will be added over and above the PLR of NABARD.

4. **Security**

i. For the loans sanctioned to the State Governments, an undertaking to the effect that the State Government will repay the loans, with interest, in time and shall make adequate budgetary provisions to make the repayment obligations will be obtained.
ii. For the loans sanctioned to entities promoted by State Governments supported by Government Guarantee, the security cover will comprise of Primary security, Government guarantee and Collateral security as acceptable to NABARD. All receivables, wherever possible, shall be routed through an escrow account.
iii. The loans sanctioned to all categories of private sector will be secured by both Primary and Collateral securities, as acceptable to NABARD. All receivables, wherever possible, shall be routed through an escrow account. Further, personal guarantee of the promoters/ directors will also be obtained as per project.

5. Evaluation Fee

i. For the loans sanctioned to State Governments and entities promoted by the State Government where RIDF lending norms are applicable, no evaluation fee will be charged.
ii. For the projects sanctioned to all categories of private sector where PLR-based interest is applicable, an evaluation fee of 0.25% of project cost, subject to a minimum of Rs. 2.00 lakh and a maximum of Rs.30.00 lakh per project, will be charged. Service taxes, if applicable, will be charged extra.

6. Annual Monitoring Fee

i. For the loans sanctioned to State Governments and entities promoted by the State Government where RIDF lending norms are applicable, no annual monitoring fee will be charged.
ii. In respect of all projects where PLR-based lending rates are applicable, the expenditure incurred by NABARD in undertaking technical, financial and legal inspections of the Project during the implementation / construction phase as also periodic monitoring visits undertaken in the post-construction phase during the currency of the loan, either by itself or through a Licensed Independent Engineer (LIE) / Lender's Legal Counsel (LLC) appointed for the specific purpose, shall be reimbursed by the borrowing entity to NABARD.

7. Insurance

The borrowing entities would ensure adequate and comprehensive insurance cover for all the assets created under the project as also the stock of raw material and semi- finished/ finished goods stored in the unit, during the currency of the loan.

8. Repayment of Loan and Payment of Interest

i. For the loans sanctioned to State Governments the tenure of the loans will be 7 years with two years of initial moratorium and the loan is repayable in five annual instalments. Further, each loan instalment released will be treated as a separate loan having 7 years of repayment, with 2 years of grace period. Interest will be payable during the grace period also at quarterly rests.
ii. The loans sanctioned to the entities promoted by the State Government guaranteed by the State Government will also have a tenure of 7 years with two years of initial moratorium. The principal will be repayable in quarterly/ half- yearly/ annual instalments, depending on the project activities and the nature of project cash flows. Interest will be payable during the grace period also at quarterly rests. If specifically requested by the borrowing entity and based on analysis of the agency's capacity in meeting the payment of interest obligations during the gestation period, capitalization of interest during moratorium period will be considered.

iii. For the loans sanctioned to various types of private sector entities, the total repayment will be worked out based on the projected cash flows of the project / borrowing entity, which shall not exceed 7 years. Depending on the cash flows of the Project / borrowing entity, grace period up to a maximum of two years will be considered for repayment of instalments of principal amount. Interest will be payable during the grace period also. The interest on loans will be payable on quarterly rests.

iv. If the borrowing entity fails to pay the interest on the due date, it shall be liable to pay penal interest on the interest overdue at the same rate as applicable to the principal amount.

9. Prudential norms

The prudential norms will apply to the loans extended under the Fund. Risk mitigation will be handled at the product customization. As asset classification depends on the availability of security, additional collateral security for loans will be taken to attract lower provisioning, in case the assets become non-performing.

10. Due diligence and other aspects

All steps, including analysis through CIBIL Reports, mortgage with central registering authority, etc., will be followed for due diligence.

Annexure - 2

Food Processing Fund (FPF) 2014-15

Lending to Private Sector Entities: Rating of the Borrowing Entity and Interest Rate

1. Rating of the Borrowing Entity

The rating of the borrowing entity will be based on total marks obtained in various parameters grouped into 4 major segments viz. Financials, Security offered for the loan being sanctioned, Management and Compliance, against maximum marks of 100. Segment-wise coverage will be as under:

Sl. No	Segment	Maximum Marks
1	Financials	50
2	Security	30
3	Management	10
4	Compliance	10
	TOTAL	**100**

The rating of the borrowing agency will be based on the Total Marks obtained and will be as under:

2. Risk Premium

Based on the rating obtained as above, Risk Premium will be loaded on to the PLR of NABARD as indicated below.

Sl. No.	Total Marks obtained	Rating
1	90 and above	AAA Plus (Prime)
2	80 to 89	AAA
3	70 to 79	AA
4	60to 69	A

Sl. No.	Rating	Risk Premium (% p.a.)
1	AAA Plus (Prime)	Nil
2	AAA	0.25
3	AA	0.50
4	A	0.75

Annexure 8: Probable Anchor Tenants

Anchor Tenants in a Textile Park can ideally be large textile groups with established names and market reputation. The investors can be the key players of garment industry, home textiles, specific products e.g. denim, shirts etc. which rely on more than one process for their backward integration. Few of such potential groups from India and abroad can be:

1. Country: Germany	
Technical Textiles	• **Acker Textilwerk:** It is a German manufacturing company which makes warp knitted technical fabrics used in various applications such as automotive, railway, aviation, marine, industrial, medical and sports. Its products include luggage restraint, sun blinds, protective nets, dressings etc. • **BWF Tec GmbH:** The Company manufactures textile filter media for industrial dedusting, plastic profiles, high-tech needle felts for industrial application and woolfelts. The company has 10 production sites and it provides employment to 1,350 people. The consolidated revenue of the BWF group registered at US 294 million in 2014. • **Global Safety Textiles:** The Company is a technical textile manufacturer which develop and produce safety textiles for automotive (Airbags), pneumatic application and construction industry applications. It employs 4,300 people in its production sites spread across seven countries around the world. • **Freudenberg:** It is a multinational group of companies. Its 14 business groups operate on various markets and in various sectors of industry. Freudenberg develops and produces seals, vibration control technology components, filters, nonwovens, release agents and specialty lubricants as well as mechatronic products. Number of employees are 40,456. The turnover of the company is US$ 8 billion. • **Carcoustics:** Specialists for acoustic and thermal problems. Furthermore, it solutions take over sealing functions, reduce weight, stiffen structures with reduced space. It has 11 manufacturing locations worldwide. The turnover of the company is US$ 282 million. • **Eybl International:** Group's principal activities are to manufacture diverse textiles and textile components for the automobile industry as well as industrial safety fabrics and textiles. The turnover of the company is US$ 450 million. • **Sandler AG:** It is one of the ten largest manufacturers of nonwovens in Europe and is ranked 13th in the world. Business segments include Hygiene, Wipes, Automotive, Filtration, Engineering, Furniture and Fashion. Its

	annual production output was 101,750 tonnes for 2014. The turnover of the company is US$ 322 million. • **Amann Group:** For more than 150 years, it has been setting trends and designed the future of sewing and embroidery threads with its path breaking product developments. Whether in the world of fashion or for leather ware, for the broad range of technical applications, from work safety to filter and clean-room technology and to the automotive industry. The company has subsidiaries in 21 countries. It has a daily production capacity of 1million kms of thread. The turnover of the company is US$ 170 million.
2. Country: Italy	
High End Fabric	• **Cerruti:** It is an Italian fabric manufacture which produces high quality fabric using mainly natural raw materials like wool, cashmere, cotton, linen and hemp. The company has a manufacturing capacity of 3.5 million meters of fabric per year and their turnover stood at US$ 68 million in 2012. • **Ermenegildo Zegna:** It is an Italian company which makes men's clothing, fabric, accessories, shoes and leather goods. They have a wool mill which focuses on producing high quality wool, cashmere and mohair fabric. The group generated a revenue of US$ 1.37 billion in 2014. The group has 525 monobrand stores, including 298 wholly- owned stores. • **Loro Piana:** It is an Italian brand, which manufactures high quality fabric, luxury clothing and accessories using ultra-fine cashmere and merino wool. The company has its global presence across Europe, America and Asia. Loro Piana was acquired by "LVMH" in 2013. It generated a revenue of US$ 547 million under LMVH in 2014. • **Reda:** It is an integrated wool mill with in-house spinning, weaving and finishing facilities. The company manufactures high quality wool fabric using finest merino wool. The company has a presence in Europe, Japan and North America and is looking to expand into new markets like Russia, China, India and South America. The company generated a revenue of US$ 91 million in 2014.
3. Country: Japan	
Synthetic textiles	• **Asahi Kasei:** It provides innovative solutions based in chemistry and materials science to a diverse range of markets including fibers, chemicals, consumer products, construction, electronics, and health care. The company has a turnover of US$ 17 billion in 2014-15. • **Kuraray:** It is a world leader in the commercialization of PVA fiber under the KURALON brand. It manufacturers chemicals, resins, fibers, textiles, high performance material, medical products, etc. The group employs 8,300 people. The company has a turnover of US$ 4 billion in 2013-14

	• **Toyobo:** It is one of Japan's top makers of fibers and textiles, including synthetic fibers (polyester, nylon and acrylics) and natural fibers, such as cotton and wool. The group has 53 subsidiaries and nearly 10,000 employees. The company has a turnover of US$ 3 billion in 2013-14.
High End Fabric	• **Toray:** One of the largest company engaged into manufacturing, processing and sales of Fibers & Textiles, Plastics & Chemicals, IT-related Products, Carbon Fiber Composite Materials, Environment & Engineering and Life Science & Other Businesses. The group operates in 26 countries worldwide. • **Teijin:** It comprises of over 150 companies operating in eight business fields including aramid fibers, carbon fibers, polyester fibers, plastics, films, medical & pharmaceutical, IT etc. It employs 15,780 people. It has global facilities across Asia, Europe and America.
4. Country: South Korea	
Synthetic Textiles	• **Dong Jin Corp:** It is a Korean company which manufactures nylon and polyester fabric (CORDURA* fabric) which is used in application like luggage bags, defence clothing and airbags. It is a vertically integrated company with the presence of spinning, weaving, dyeing, finishing and coating of fabric. The company has a production capacity of 3.5 million linear yards (Ly) per month in weaving, 3.3 million Ly per month in dyeing and coating, 300,000 kg per month in spinning and 350,000 kg per month for air-jet texturing. • **Daewoo International:** It deals in 6 business areas: Textiles, Manmade leather, PU Synthetic Leather, Seat trim cover, advanced material, TPO. In Textiles, it is equipped with knitting facilities as well as produces all kinds of non-woven fabric products to include interior of the automobile, home interior, footwear and other industrial materials. The turnover of the company is US$ 17.4 billion in 2014.
5. Country: Taiwan	
Synthetic Textiles	• **Lea Group:** Established in 1979, Lea group manufactures polyester textured yarn. Their products also include polyester tablets, nylon textured yarn, composite wire, functional wire, environmental friendly polyester etc. The group integrated with Li Peng Enterprise in 2007 to produce polyester, nylon filament woven cloth product. The group generated a revenue of US$ 346 million in 2014 and provides employment to 1190 people. • **Promax Textile Co. Ltd:** The Company manufactures fabrics for sportswear and it also produces functional fabrics. Its two manufacturing facilities are in Taiwan and Vietnam. • **Sheico Group:** The group has two business units, one is engaged in the manufacturing of water sports apparel and accessories (focussing on neoprene products) and the other unit manufactures spandex yarn. The group has 10 production sites located in Taiwan, China, Thailand and

	Cambodia. The group generated a revenue of US$ 350 million in 2013 and provides employment to over 10,000 people.
Speciality Fabric	• **Everest Textile:** It is R&D oriented vertically integrated textile manufacturer. It specializes in yarn spinning, twisting, weaving, dyeing, finishing, printing, coating and laminating with an installed capacity of 9 million meters/month. It develops and supplies high value-added and innovative products to leading global brands including Nike, The North Face, Abercrombie and Fitch, GAP, Columbia, Ralph Lauren, Adidas, Puma, Patagonia, Spyder, etc.
6. Country: Turkey	

High End Fabric	• **Akin Holdings:** Established in 1977 in Turkey, Akin Holdings is a holding company which through its subsidiaries is active in various sectors such as textile, real estate, finance, construction and trade industries. The textile segment is comprised of two companies namely Akin tekstil and Aktekin Clothing.
	  ◦ Akin Tekstil: It is an integrated textile company. Its products include 100% cotton fabric, P/C fabric, P/V fabric, Cotton/Polyamide, Cotton / Tactel, Tencel and Linen. The company has a capacity of 2 million meter fabric per month. Their garment factory has a capacity of 500,000 pieces per month. The company has an export market spread across 26 countries worldwide.
	  ◦ Aktekin Clothing: The Company manufactures fabric and garments. The production capacity of the company is 50,000 pieces per month.
	• **Bossa:** Established in 1951, Bossa is a vertically integrated textile company which manufactures denim, non-denim and smartwear fabric. It has three manufacturing facilities in Turkey and it provides employment to 2,300 people. It has a production capacity of 56 million meters and its annual sales for the year 2013 stood at US$ 195 million.
	• **Calik Holdings:** It is a holding company which operates in various sectors like energy, telecom, textile, construction, finance and mining. Calik Denim is the textile segment of the company. The company is engaged in the manufacturing of denim fabric. It has an annual production capacity of 36 million meters and provides employment to 1500 people. The group reported annual sales of US$ 1267 million in 2013.
	• **Sanko Tekstil:** Sanko tekstil is a part of the Sanko Group. Sanko tekstil was established in 1943 and is engaged in manufacturing of cotton and synthetic yarn, woven and knitted fabric and home textile. The textile industry has three segments i.e. Sanko Textile Industry, ISKO denim and Sanko Towel.

7. Country: USA	

High End Fabric	• **Atlanta Fiberglass:** The Company manufactures fiberglass fabrics for electronic, industrial, food and automotive application. Its products include woven glass fabrics, fiberglass needle mat, coated fabric and glass yarn. • **Highland Industries:** The Company manufactures high performance textiles and composites for automotive, industrial, aerospace and other industries. Their products include composite structures, airbag fabrics, coated and laminated fabrics, woven reinforcement fabrics etc. • **Seaman Corporation:** It manufactures high performance fabrics. Its products include Fibertite roofing, geomembrane, architectural fabrics, military fabrics, truck tarps etc. The company has in-house knitting, weaving, compounding, coating, printing and fabrication facilities. • **Zeus Industrial Products:** The Company manufactures fluoropolymer tubing for medical, aerospace, electrical and general industry. Its products include custom extruded products, PTFE heat shrink product, monofilaments/fibres etc. The company employs more than 1,000 people and has a global presence in North America, Europe and Asia. • **Milliken:** It is one of the largest privately held textile manufacturers in the world. It manufacturers high-performance fabrics for aerospace, automotive and industrial applications. Milliken has nearly 7,000 associates working in 39 manufacturing facilities across the world. • **WL Gore:** It manufactures products derived from fluoropolymers. By using proprietary technologies with the versatile polymer PTFE, it has created numerous products for electronic signal transmission; fabric laminates; medical implants; as well as membrane, and fibers technologies for diverse industries. It employs 10,000 people and has manufacturing facilities in U.S, Germany, U.K, Japan and China. • **Hexel:** It is largest US producer of carbon fiber; the world's largest weaver of structural fabrics; the leading global producer of fiberglass electronic materials; the number one producer of composite materials and a leading manufacturer of composite parts and structures. • **Performance fibers:** It is one of the world's leading producers of industrial polyester fibers and fabrics and has operations in North America, Europe and Asia. Its products are used in a wide variety of industrial and consumer applications, from tires and offshore mooring ropes to seat belts and sewing thread. It has over 3,000 employees working in facilities across North America, Europe and Asia. • **Polymer Group Inc. (AVINTIV):** It is a leading global engineered materials company, focused on the production of nonwovens for the hygiene, wipes, medical, and industrial markets. It has 23 manufacturing facilities across 14 countries employing 4,500 people. The turnover of the company was US$ 2 billion in 2014.

	• **Buckeye Technologies:** It manufactures cellulose-based specialty products from wood and cotton. The company's products include chemical cellulose, customized fibers, fluff pulp, and nonwoven materials. The turnover of the company is US$ 895 million
8. Country: France	
High End Fabric	• **Saint Gobain:** It is the world leader on habitat and construction markets, providing innovative solutions to save energy and protect the environment. Originally a mirror manufacturer, it now also produces a variety of construction and high-performance materials. The turnover of the company is US$ 47.5 billion in 2014. • **Chargeurs:** It is a specialized textile manufacturer. Its products and services are related to surface protection, technical textiles and raw material processing. It conducts its business operations through three business segments, namely, Chargeurs Protective Films, Chargeurs Interlining and Chargeurs Wool. The company has a global presence in 32 countries providing employment to 1,600 employees. • **Michel Thierry:** The Company was acquired by Johnson Controls in 2010. Present in 15 countries on 3 continents, Michel Thierry Group is a world leader in the field of fabric, leather upholstery and seat covers for the automobile industry.
High End Apparel	• **Devanlay:** A subsidiary of Maus Freres SA engaged in the manufacturing and distribution of apparels. It offers adults' and children's clothing items, such as T-shirts, sports shirts, underwear, nightwear, and hosiery. It also distributes Lacoste items. Its production sites are spread across 6 countries worldwide. The turnover of the company is US$ 1 billion in2014
9. Country: India	
	• **Vardhman Textiles: -** Established in 1962 in Ludhiyana, Punjab, Vardhman is a vertically integrated textile manufacturer. Its product range includes greige and dyed yarns, woven fabrics, speciality threads, acrylic fibre and garments. The company has 22 manufacturing units spread across 6 states. It has the largest installed spinning capacity in India with 1.1 million spindles in its yarn division and is the leader in producing hand knitting yarns. The company provides employment to around 28,000 peoples and has an annual turnover of US$ 908 million (2014-15). • **Aditya Birla Nuvo: -** A.B. Nuvo is a part of Aditya Birla Group. This division of the group includes four manufacturing businesses i.e. Linen, Rayon, Agriculture and Insulators. Aditya Birla Nuvo through its subsidiaries manufactures linen yarn, linen fabric, wool tops, worsted yarn (Jaya Shree Textiles) and viscose filament yarn (Indian Rayon). The consolidated revenue of these four manufacturing division is US$ 832 million in 2014-15. • **Arvind Ltd.:-** Established in 1931, Arvind is a leading textile manufacturer of India based in Ahmedabad, Gujarat. The company manufactures denim, woven fabric, knit fabric, garments, industrial fabrics and composites. It is

	one of the leading producers of denim worldwide with an installed capacity of over 110 million meters per annum. The company provides employment to over 25,000 people and generated a revenue of US$ 824 million in the FY 2014-15. • **Welspun India: -** Established in 1985, Welspun India Ltd. is a fully integrated home textile manufacturer. The company manufactures home textiles products (i.e. towels, bath rugs, mats, bath robes, bed sheets, utility bedding, fashion bedding) and advanced textile products (nonwovens and wipes). The company has two manufacturing facilities in Vapi and Anjar. The company generated a revenue of US$ 693 million in 2014-15. • **SRF: -** Established in 1970, SRF is a leading manufacturer of technical textiles in India. Its product range includes tyre cord fabrics, belting fabrics, coated fabrics, laminated fabrics, industrial yarns etc. The company has 9 manufacturing facilities in India and 4 overseas units. It provides employment to 6,500 people and generated a revenue of US$ 563 million in 2014-15. • **RSWM Ltd.: -** Established in 1961 as a part of LNJ Bhilwara group, RSWM is a one of the leading textile manufacturers in India. It manufactures synthetic and blended yarns, fabrics and denim. The company also manufactures specialty and value-added yarns for technical textiles and industrial applications. The company has 11 manufacturing facilities with a total installed capacity of more than 500,000 spindles. It generated a revenue of US$ 467 million in 2014-15. • **Raymond: -** Established in 1925, Raymond Ltd. is a vertically integrated manufacturer of worsted fabrics. Its product range includes worsted suiting fabric (wool & wool-blended), denim fabric, shirting fabric, garments and woollen outerwear. The company has three manufacturing facilities in India for the manufacturing of worsted fabric and two units (one in Romania and the other in India) for manufacturing of denim fabric. It generated a revenue of US$ 426 million in 2014-15. • **KPR Mills: -** Established in 1984, KPR is a vertically integrated textile manufacturer, producing yarn, knitted & grey fabric and readymade garments. The company has its production facility in Tamil Nadu with an installed capacity of about 3, 50,000 spindles. It is one of the leading garment manufacturers in the country with an annual capacity to produce 59 million pieces. It generated a revenue of US$ 323 million in 2014-15. • **Sutlej Textiles & Industries Ltd.: -** It is an integrated textile company which offers synthetic and blended yarns, home textile products and fabric processing. The company has a total installed capacity of 3, 77,000 spindles in its three manufacturing facilities. It is one of the leading producers of melange yarn in India. The company provides employment to around 15,000 people and generated a revenue of US$ 295 million in 2014-15. • **Mandhana Industries: -** Established in 1965, Mandhana Industries is an integrated textile company which manufactures fabrics and garments. The company also offers services like designing, yarn dyeing, processing and printing. The company has 6 manufacturing and processing facilities

	located in Tarpur and Bengaluru. The company has an annual turnover of US$ 260 million in 2014-15. • **Indo Count Industries Ltd.: -** Established in 1988, Indo Count is a vertically integrated textile manufacturing company. The company manufactures yarns, fabrics and home textile products. The company has four manufacturing and one processing facility located in the state of Maharashtra. The company has an annual turnover of US$ 258 million in 2014-15. • **Page Industries: -** Established in 1994, Page Industries is engaged in the manufacturing and distribution of innerwear/ leisurewear of Jockey brand for men and women in India, Sri Lanka, Bangladesh, Nepal and UAE. They are also the exclusive licensee of Speedo International Ltd. and manufacture swimwear under Speedo brand. The company has nine manufacturing units spread across Bangalore and Hassan and provides employment to over 16,000 people. The company has an annual turnover of US$ 239 million. • **Sangam India: -** Established in 1984, Sangam is a fully integrated textile company which manufactures yarns, fabric, denim and seamless garments (i.e. active wear, intimate wear, outwear and maternity wear). The company is one of the leading producers of PV dyed yarn in Asia with a total installed capacity of over 2,00,000 spindles. The group employs more than 10,000 people and has an annual turnover of US$ 228 million in 2014-15. • **Loyal Textiles Mills Ltd.: -** Established in 1965, Loyal Textile is a vertically integrated textile company which manufactures yarns, fabrics, garments and home textile products. Their product range includes compact yarn, blended yarn, carbon yarn, fancy yarn etc. The company has four production facilities located in Tamil Nadu and Andhra Pradesh and has an annual turnover of US$ 217 million. • **Gokaldas Export: -** Established in 1979, Gokaldas Exports is one of the leading manufacturers and exporters of garments in India. Their product range include outerwear, bottoms, sportswear, formal suits, trousers, skirts, and denim wear for both men and women. The company has 25 manufacturing units with a total capacity of manufacturing 2 million garments per month. It provides employment to around 30,000 people and had an annual turnover of US$ 172 million in in 2014-15. • **Himatsingka Seide: -** Established in 1985, Himatsingka Group is an integrated home textile manufacturer. It is one of the leading producers of upholstery fabrics, drapery fabrics and bed linen products. It also manufactures spun silk and silk blended yarns. The company has three manufacturing facilities located in Karnataka and provides employment to over 5,000 people. It had an annual turnover of US$ 152 million in 2014-15. • **Shahi Exports: -** Established in 1974, Shahi Exports is engaged in the manufacturing of woven & knit garments and home furnishing products. The company produces 3 million pieces of woven and knit garments per month in their 21 manufacturing units located in Delhi, Bangalore, Tirupur

	and Salem. Other in-house facilities include embroidery, washing, garment dyeing, fabric processing, knitting, printing etc. • **Orient Craft: -** Orient crafts is a leading garment design house of India which manufactures and designs woven garments, knitted garments, denims & casual wear, sweaters and home furnishing items. The company has 21 manufacturing units and has a total capacity of producing 2, 00,000 pieces per day.

Annexure 9: Textile Parks / Zones in Competing Nations

S. No.	Name of the zone	Brief Description
Bangladesh		
1	Adamjee EPZ	The zone was established on 2006 with over 245.12 acres of area and having 229 industrial plots. It is located 15 kms from Dhaka city. The zone is equipped with proper water, gas and power supply. This zone majorly consists of garments and garment accessories unit. Apart from this it also have units of knitting and other textile products. Some key parameters: Exports: US$ 1,688 million (2014-15) Employment: 40 thousand individuals Investment: US$ 316 million (2014-15)
2	Chittagong EPZ	Established in 1983, the zone is located in South Halishahar, Chittagong. It has an area of 453 acres and contains 501 industrial plot in it. This zone majorly consists of textile and garment units. Some key parameters: Exports: US$ 22 billion (2014-15) Employment: 1.9 lakhs individuals Investment: US$ 1.4 billion (2014-15)
3	Comilla EPZ	It was established in 2000 and is located 97 kms from Dhaka. It is spread in 267.46 acres and consists of 238 industrial plots. The zone consists of mainly garment and knitting unit. Some key parameters: Exports: US$ 1.4 billion (2014-15) Employment: 22 thousand individuals Investment: US$ 224 million (2014-15)
4	Dhaka EPZ	Established in 1993, Dhaka EPZ is spread in 356 acres of land having 451 industrial plots. It is located in Savar, Dhaka. It have its own water supply system. This zone also majorly consists of textile and apparel units. Some key parameters: Exports: US$ 18.3 billion (2014-15)

S. No.	Name of the zone	Brief Description
		Employment: 87 thousand individuals Investment: US$ 1.1 billion (2014-15)
5	Karnaphuli EPZ	Established in 2006 this EPZ is located in North Potenga, Chittagong. It is spread on 209 acres of land and consists of 255 industrial plots. The zone mainly consists of garment manufacturing and garment accessories unit. Some key parameters: Exports: US$ 2.1 billion (2014-15) Employment: 55 thousand individuals Investment: US$ 373 million (2014-15)
Vietnam		
1	Pho Noi B Textile & Garment Industrial Park	This park is situated in Yen My district of Hung Yen province. It is spread over 119.5 hectares which is divided into 2 phases: • First phase (25.17 hectares): has been leased by 10 companies. • Second phase (94,34 hectares): is being deployed with 71,7 hectares for leasing It have its own waste water treatment plant with a capacity of 10,000 m3/day, rain water drainage system and wastewater treatment station with capacity of 15,000 m3/day. The average land rent is US$ 60 per m^2 for 47 years. It have an infrastructure cost of about US$ 0.06 per m^2 per month.
2	Bihn An Industrial Park	It is a Textile and Garment Industrial Park located in Di An district of Binh Duong province. It spreads over an area of 26 hectares. Total Investment proposed in the park is 98,777 billion VND with total implementing capital of VND 95,352 billion.
4	Ho Chi Minh City	Upcoming park. To be develop by India's Synthetic and Rayon Textile Export Promotion Council of India (SRTEPC). It will be a US$ 300 million industrial park specializing in garment and textile material production

S. No.	Name of the zone	Brief Description
5	Nam Dinh Textile City	Upcoming textile park in Nghia Hung district of Vietnam's Nam Dinh province. The industrial park would be set up on 1,500 hectare of area, jointly by Vietnam National Textile and Garment Group (Vinatex), China's Jialida Company and the Hong Kong-based Luenthai Company, at a cost of US$ 400 million.
Sri Lanka		
1	Mas Fabric Park	It is a privately owned textile and apparel park. It is the leader in industrial multi facility connectivity empowering the Apparel and fabric manufacturing industry. Located 65 kms from Colombo, it is an entity which has facilitated the employment of over 1759 people through investment opportunity. With over US $ 70 million invested, MFP continues to grow as an environmentally sustainable free trade park.
China		
1	Datang socks cluster	Located in Zhejiang Province comprises 2,453 socks firms, 550 raw material firms, 400 raw material dealers, 312 hemstitching factories, 5 printing and dyeing plants, 305 packing factories, 208 mechanical fittings suppliers, 635 sock dealers, and 103 shipment service firms.
2	Guangdong cluster*	Guangdong is one of the best endowed provinces in terms of infrastructure with three ports in the cities of Guangzhou, Shenzhen and Zhuhai. Guangdong is located at the south end of Mainland China, with a coastline of about 3,368 kms and a land area that ranks 15th in the country. Its development is based on foreign investment. Guangdong is the largest textile and garment production and export base in China, with Guangdong controlling about 25% market share of the total production in China.
3	Zheijang cluster*	It contains 3 zones which is further classified in different administrative areas which consists of various clusters including textiles and apparel. The first zone is located in the north of Zhejiang and comprises 5 administrative areas (towns and districts governed from the provincial capital of Hangzhou). The

S. No.	Name of the zone	Brief Description
		second zone covers Wenzhou and Taizhou. Zone 3 comprises Jinhua, Quzhou and Lishui. Here, the clusters are very young and this is the least developed region of Zhejiang.
4	Jiangsu cluster*	Rural companies, first created in Jiangsu province, are the result of rural factories founded by local communities. It is a small public model. Jiangsu province lies at the centre of China's east coast. It borders Shandong to the north, Anhui to the west, and Zhejiang and Shanghai to the south. Jiangsu is a leading textile and garment production base in China. According to the China National Textile and Apparel Council, Jiangsu is the third largest textile and garment producer after Guangdong and Zhejiang.
Turkey		
1	Marmara Region	Marmara Region constitutes the largest textile cluster within Turkey's economy, responsible for 56% of the total textile employment in the country. The region accommodates around 67 % of the total textile related companies (Ministry of Labor and Social Security Statistics), and performs 71% of the total textile exports within the Turkish economy (Turkstat). The major production activities are garment manufacturing, yarn production, knitting and textile finishing.
2	Ege Region	Ege region has concentrated on home textiles, mainly towels and bathrobes. It has a share of 12% of the textile employment within Turkey, is responsible from 10% of the total of the total textile exports and accommodates 11% of the total textile companies.
3	Cukurova Region	This region observes higher growth in terms of the textile exports, textile employment and textile related companies than any other. The major products for the region are machine carpets, rugs, yarn production and weaving and finishing of cotton. It is a newly emerging region for textile and apparel production in Turkey.

Annexure 10: Park wise reasons for delay in fund utilisation

Sr. No	Park Name	Location	Status of Grant Released	Year of sanction	Reasons for delay	Type of delay
1	Asmeeta Infratech Ltd	Maharashtra	last grant pending	2008	Modifications in proposed plans were done by SPV without prior approval. Now the SPV has submitted proposal for changes in DPR which is pending with the Ministry	Plan change without intimation
2	CLC Textile Park Pvt. Ltd.	Madhya Pradesh	1st grant received	2008	1. Government of MP did not permit water supply from Howara dam which is just at 4 kms and advised them to bring water from Boregaon which is at a distance of 24 kms from site. The work of laying of pipeline for 24 kms is under progress, of which pipeline for 17 kms is complete. 2. The approval for power was also delayed. SPV has received final permission in March 2014 for commissioning transmission lines. The SPV is yet to commence the work for the same.	State Govt. approval delays
3	Deesan Infrastructure Pvt. Ltd.	Maharashtra	Last grant pending	2008	Park faced issue in getting loan from the bank but now the issue has been solved and the park is 100% operational.	Financing issues
4	EIGMEF Apparel Park Ltd	West Bengal	1st grant received	2006	There was a delay in obtaining land clearances from the State Government required for commencement of construction.	State Govt. approval delays

Sr. No	Park Name	Location	Status of Grant Released	Year of sanction	Reasons for delay	Type of delay
5	Great Indian Linen & Textile Infra Structure Co. (P) Ltd	Tamil Nadu	1st grant received	2006	The work at site is almost standstill since June 2010 and not progressing due to internal disputes.	Internal SPV disputes
6	Hindupur Vyapar Apparel Park Limited	Andhra Pradesh	last grant pending	2006	1. SPV is confounded by several management issues. 2. Unavailability of power is another major constraint. Production of 11 units had started in 2011 utilising standby power of 2 MW from town feeder but due to intermittent supply and frequent power cuts production stopped within 3 months.	Internal SPV disputes State Govt. approval delays
7	Jaipur Kaleen Park Ltd	Rajasthan	1st grant received	2011 (was cancelled earlier)	1. The project has not yet received environment clearance; the application has already been made by the SPV 2. The park was first approved in 2009 which got cancelled and then approved again in 2011 with same financials. In the meantime, there was change in scheme guidelines, which negatively impacted the project and increased financial burden on SPV.	State Govt. approval delays MoT related issue
8	Jaipur Tex weaving Park Ltd.	Rajasthan	3rd grant received	2005	SPV is confounded by several management issues, including resignation of the MD, maintenance of the park and legal matters.	Internal SPV disputes

Sr. No	Park Name	Location	Status of Grant Released	Year of sanction	Reasons for delay	Type of delay
9	Kishangarh Hi-Tech Textile Park Ltd	Rajasthan	last grant pending	2006	SPV has not firm up plan for incurring matching expenditure and claiming final grant to close the project	Lack of funds
10	Komarapalayam Hi-Tech Weaving Park	Tamil Nadu	last grant pending	2006	SPV was unable to repay term loan which led their bank to serve notice under SARFESI Act.	Lack of funds
11	Ludhiana Integrated Textile Park Ltd.	Punjab	last grant pending	2008	1. Bank account has been declared NPA which is effecting liquidity of SPV and finance of members 2. The SPV is yet to issue shares to the members in proportion to the land holding. 3. The SPV members are yet to finalise their business plans for factory buildings.	Internal SPV disputes Lack of funds
12	MAS fabric Park (India) Pvt. Ltd.	Andhra Pradesh	2nd grant received	2008	Proposal for change in project has been referred to State Government by MoT, which is pending.	State Govt. approval delays MoT related issue
13	Metro Hi-Tech Co-Operative Textile Park Ltd	Maharashtra	last grant pending	2006	Unable to attract investors	No investors
14	NextGen Textile Park Pvt. Ltd	Rajasthan	last grant pending	2007	1. Land approval delayed 2. Power approval delayed. As of now 85% work has been completed. Installation of transformers of Power sub-station is in progress. 3. Approval for providing drinking water to park is under process with	State Govt. approval delays

Sr. No	Park Name	Location	Status of Grant Released	Year of sanction	Reasons for delay	Type of delay
					the PHED department.	
15	Perarignar Anna Handloom Silk Park Pvt. Ltd	Tamil Nadu	1st grant received	2010	Land approval delayed	State Govt. approval delays
16	Purna Global Textiles Park Limited	Maharashtra	2nd grant received	2008	Issues in loan approval for construction of park as the interest rate charged by the bank is 18%.	Financing issues
17	Rhythm Textile & Apparel Park Ltd	Punjab	last grant pending	2008	1. The SPV is yet to mobilize matching equity contribution from the members 2. Implementation plan for completion of the Park is yet to be submitted by the SPV	Lack of funds
18	Sayan Textile Park Ltd.	Gujarat	last grant pending	2008	The SPV is yet to mobilize matching equity contribution from the members	Lack of funds
19	SIMA Textile Processing Centre Ltd	Tamil Nadu	last grant pending	2007	Approval for marine outfall got delayed but now Tamil Nadu Pollution Control Board has given in principle approval for CETP with a condition to extend the EC for Marine Outfall from MoEF. For the same, SPV has submitted an application and is under process.	State Govt. approval delays

Annexure 11: Template for assessing suitable state for establishment of Mega Textile Parks

The following template may be used for evaluating the suitability of States for establishing the Mega Textile Park:

Factor	**Parameter**	**Weightage**
General industry scenario	Gross State Domestic Product growth rate (%)	5%
	Manufacturing sector growth rate (%)	5%
	Investment friendliness	5%
	Subtotal	*15%*
Infrastructure	Mean road density	2%
	Mean rail density	2%
	Closeness of proposed location to major seaport	1%
	Closeness of proposed location to nearest airport	1%
	Surplus Power available	2%
	SEZ / Industrial Zones of 1,000 acres or more	2%
	Presence of Textile manufacturing infrastructure	5%
	Subtotal	*15%*
Factors of Production	Labour Availability	10%
	Women labour force ratio %	10%
	Minimum Wages	10%
	Water cost	5%
	Power cost	10%
	Subtotal	*45%*
State Support to textile sector	Capital subsidy for investment (for units)	5%
	Interest subsidy for investment (for units)	5%
	Support of investors for Mega Textile park in form of MoU	10%
	VAT exemption	5%
	Subtotal	*25%*
	Grand Total	**100%**

Scoring for each parameter should be done from 1 to 5 on each parameter based on comparative standing of each state and a weighted score taken to arrive at the final standing.

Annexure 12: Analysis of Sanctioning of Park vis-à-vis Grant Released

S. No	Park name	Sanctioning Date	1st Installment	Time b/w sanctioning and 1st Installment Release (Months)
1	Aalishan Eco Textile Park Pvt. Ltd.	Mar-15	Jun-15	3 Months
2	Amitara Green Hi- Tech Textile Park Pvt. Ltd.,	Sep-14	Mar-15	7 Months
3	Asiatic Co-operative Powerloom Textile Park Society Limited	Oct-11	Dec-12	15 Months
4	Asmeeta Infratech Ltd	Dec-08	Mar-10	15 Months
5	Avantika Textile Parks Ltd	Oct-14		Applied for cancellation
6	Baramati Hi-Tech Textile Park Limited	Jul-06	Mar-08	20 Months
7	Brandix India Apparel City Private Ltd	Jan-06	Jan-07	12 Months
8	CLC Textile Park Pvt. Ltd.	Dec-08	May-09	6 Months
9	Deesan Infrastructure Pvt. Ltd.	Aug-08	Sep-08	1 Month
10	Dhule Textile Park Pvt. Ltd.	Oct-14	Sep-15	11 Months
11	Dodballapur Integrated Textile Park Limited	Jul-06	Feb-07	7 Months
12	Ecotex Textile and Apparels Park Private Ltd	Mar-15	Nil	BG Pending
13	EIGMEF Apparel Park Ltd	Jul-06	Jan-08	18 Months
14	Fairdeal Textile Park Pvt. Ltd.	Sep-07	Dec-07	4 Months
15	Gouthambudha Textile Park Pvt Ltd	Sep-14	Feb-15	6 Months
16	Great Indian Linen & Textile Infra Structure Co. (P) Ltd	Feb-06	May-06	4 Months
17	Gujarat Eco Textile Park Ltd.	Nov-05	Apr-06	6 Months
18	Gulbarga Textile Park Pvt. Ltd.	Oct-11	Dec-12	13 Months
19	Guntur Textile Park Pvt. Ltd.,	Sep-14	Feb-15	6 Months
20	Himachal Textile Park Ltd	Nov-11	Dec-12	13 Months
21	Himmada Integrated Textile Park	Oct-11	Jan-13	28 Months
22	Hindupur Vyapar Apparel Park Limited	Jul-06	Aug-07	13 Months
23	Hinganghat Integrated Textile Park Pvt Ltd	May-15	Nov-15	7 Months
24	Islampur Integrated Textile Park	May-08	Sep-08	5 Months

S. No	Park name	Sanctioning Date	1st Installment	Time b/w sanctioning and 1st Installment Release (Months)
25	J&K Integrated Textile Park Ltd.	Dec-12	Jun-13	7 Months
26	Jaipur Integrated Texcraft Park Pvt. Ltd. (JITPPL)	May-08	Jul-08	3 Months
27	Jaipur Kaleen Park Ltd	Oct-11	Sep-13	23 Months
28	Jaipur Texweaving Park Ltd.	Nov-05	Aug-06	10 Months
29	JVL Textile Park Pvt.Ltd	Oct-14		Applied for cancelation
30	Kallappanna Awade Co-Operative Industrial Estate & Integrated Textile Park Ltd	Nov-11	Feb-13	15 Months
31	Karanj Textile Park Private Limited	Feb-16	Mar-16	1 Month
32	Karur Textile Park Ltd	Mar-06	Jan-07	10 Months
33	Kashmir Wool & Silk Textile Park Pvt. Ltd.,	Sep-14	Nil	Application Pending
34	Kejriwal Integrated Textile Park Pvt. Ltd	Oct-11	Dec-12	9 Months
35	Khed Textile Park (KTP)	Oct-11	Dec-13	27 Months
36	Kishangarh Hi-Tech Textile Park Ltd	Jul-06	Jun-07	11 Months
37	Komarapalayam Hi-Tech Weaving Park	Aug-06	Jan-07	6 Months
38	Latur Integrated Textile Park (LTP)	May-08	Dec-08	8 Months
39	Lotus Integrated Texpark Limited	Mar-07	Sep-07	7 Months
40	Ludhiana Integrated Textile Park Ltd.	Dec-08	Feb-09	15 Months
41	Madhav Industrial Park Ltd.	Sep-14		Applied for cancelation
42	Madurai Integrated Textile Park Ltd	Mar-07	Aug-07	6 Months
43	MAS fabric Park (India) Pvt. Ltd.	Mar-08	Mar-08	1 Month
44	Metro Hi-Tech Co-Operative Textile Park Limited	Nov-05	Apr-06	6 Months
45	Mundra SEZ Integrated Textile and Apparel Park Pvt. Ltd	Nov-05	Jun-06	8 Months
46	NextGen Textile Park Pvt. Ltd	Mar-07	Jun-07	4 Months
47	NSP Infrastructure Pvt. Ltd.	Aug-15	nil	Application Pending
48	Palladam Hi-Tech Weaving Park	Feb-06	Apr-06	3 Months
49	Pallavada Technical Textiles Park Pvt Ltd	Nov-11	Jun-13	18 Months
50	Palsana Textile Park Pvt. Ltd.,	Sep-14	nil	Application Pending

S. No	Park name	Sanctioning Date	1st Installment	Time b/w sanctioning and 1st Installment Release (Months)
51	Perarignar Anna Handloom Silk Park Pvt. Ltd	Apr-10	Oct-13	43 Months
52	Pochampally Handloom Park Ltd.	Jul-06	Jan-07	7 Months
53	Prag Jyoti Textile Park Pvt. Ltd.	Sep-14	Feb-15	6 Months
54	Pride India Co-op. Textile Park Ltd.	Dec-08		
55	Progressive Integrated Textile Park Pvt. Ltd.	Sep-14		Applied for cancelation
56	Purna Global Textiles Park Limited	May-08	Jul-08	3 Months
57	Rangaraya Textile Park Pvt. Ltd.,	Sep-14	Nil	Applied for cancelation
58	Rhythm Textile & Apparel Park Ltd	May-08	Jul-08	3 Months
59	RJD Integrated Textile Park Ltd.	Sep-08	Nov-08	3 Months
60	S.L.S Textiles Park Pvt Ltd	Nov-11		
61	Satyaraj Integrated Textile Park Pvt. Ltd.	Oct-14	Mar-15	6 Months
62	Sayan Textile Park Ltd.	Mar-08	Jul-08	5 Months
63	Shanti Integrated Textile Park Pvt. Ltd.	Sep-14	Feb-15	6 Months
64	Shree Ganesh Integrated Textile Park Pvt. Ltd.	Mar-15	nil	BG pending
65	SIMA Textile Processing Centre Ltd	Nov-05	Feb-07	14 Months
66	Srinath Integrated Textile Park, Bhilwara	Nov-15	Nil	Application pending
67	Sunderrao Solanke Co-operative Textile Park-Creative Group	Oct-11	Jan-13	14 Months
68	Surat Super Yarn Park Limited	Jul-06	Jan-07	7 Months
69	Tarakeswara Textile Park Private Limited,	Mar-15	Sep-15	7 Months
70	Vraj Integrated Textile Park Ltd.	Jul-06	Jan-07	7 Months
71	West Bengal Hosiery Park Infrastructure Ltd.	Nov-11	Mar-14	16 Months
72	Whitegold Integrated Spintex Park Private Limited (WISP)	Nov-11	Dec-12	13Months

Annexure 13: Current Investment, turnover and employment of functional parks

	Park name	Grant Released	Inv. (Rs. Crores)	Exports turnover (Rs. Crore)	Domestic turnover (Rs. Crore)	Turnover to investment ratio	Employ.	Training	Training / Employ.	Planned Inv. (Rs. Crores)	Planned Employ.
1	Asmeeta Infratech Ltd	36	230	NP		-	260	0	0%	673.2	23913
2	Baramati Hi-Tech Textile Park Limited	34.81	200	0	500	2.5	3,000	2,000	67%	250.0	5000
3	Brandix India Apparel City Private Ltd	40	842	1,784.00	183	2.34	17,057	26,600	156%	4800.0	60000
4	Deesan Infrastructure Pvt. Ltd.	36	399	377	15	0.98	1,676	0	0%	446.3	1758
5	Dodballapur Integrated Textile Park Limited	31.97	105	0	136	1.3	500	150	30%	140.0	2000
6	Fairdeal Textile Park Pvt. Ltd.	40	231	0	1,100.00	4.76	1,003	400	40%	300.0	2900
7	Gujarat Eco Textile Park Ltd.	40	1,035.00	0	1,600.00	1.55	10,370	3,120	30%	705.0	9000
8	Himachal Textile Park Ltd	36	252	NP	80	0.32	1,694	0	0%	355.5	2200
9	Islampur Integrated Textile Park	40	310	0	885	2.85	1,970	150	8%	900.0	10000
10	J&K Integrated Textile Park Ltd.	24	36	NA		-	85	0	0%	190.0	2508
11	Jaipur Integrated Texcraft Park Pvt. Ltd. (JITPPL)	23.94	64.7	0	57	0.88	520	1,000	192%	64.2	4400
12	Jaipur Texweaving Park Ltd.	23.22	61.2	0	164	2.68	450	0	0%	250.0	3000
13	Karur Textile Park Ltd	40	136.9	384	0	2.81	2,500	0	0%	227.0	3500
14	Kishangarh Hi-Tech Textile Park Ltd	24	135	73.2	97.2	1.26	400	500	125%	209.7	2175
15	Komarapalayam Hi-Tech Weaving Park	12.537	125	0	100	2.4	1,250	0	0%	125.0	1500
16	Latur Integrated Textile Park (LTP)	40	1.5	NA	2.2	1.47	5	0	0%	600.0	3000
17	Lotus Integrated Texpark Limited	40	431.2	61.07	236.2	0.69	1,022	2,500	245%	740.0	1210

	Park name	Grant Released	Inv. (Rs. Crores)	Exports turnover (Rs. Crore)	Domestic turnover (Rs. Crore)	Turnover to investment ratio	Employ.	Training	Training / Employ.	Planned Inv. (Rs. Crores)	Planned Employ.
18	Ludhiana Integrated Textile Park Ltd.	36	15.5	0	16	1.03	600	0	0%	170.0	17000
19	Madurai Integrated Textile Park Ltd	31.34	141	384.5	0	2.73	2,750	140	5%	200.0	2500
20	MAS fabric Park (India) Pvt. Ltd.	24	58	77	NP	1.33	500	0	0%	1932.9	15000
21	Metro Hi-Tech Co-Operative Textile Park Limited	36	360	0	0.82	0	2,655	2,655	100%	650.0	8150
22	Mundra SEZ Integrated Textile and Apparel Park Pvt. Ltd	40	999	1,973.00	0	1.97	800	0	0%	567.0	3077
23	Palladam Hi-Tech Weaving Park	22.16	175	350	150	2.86	2,500	1,950	78%	161.0	2500
24	Pochampally Handloom Park Ltd.	13.6	52	1	5	0.12	500	800	160%	48.0	2000
25	Pride India Co-op. Textile Park Ltd.	20.95	340	0	52	0.15	9,080	0	0%	168.0	12500
26	Purna Global Textiles Park Limited	22.03	125	0	125	1	1,650	0	67%	209.0	3000
27	Rhythm Textile & Apparel Park Ltd	36	111	92	98	1.71	540	0	156%	339.8	8000
28	RJD Integrated Textile Park Ltd.	40	190	0	52	0.27	1,200	0	0%	352.0	4270
29	Sayan Textile Park Ltd.	36	116	0	50	0.43	340	0	30%	299.0	3155
30	Vraj Integrated Textile Park Ltd.	40	350	0	35	0.1	1,000	0	40%	550.0	4500

NA: Not Applicable, NP: Not Provided

The industry norms for turnover to investment is as follows:

a. Spinning: 1:1.1
b. Weaving: 1:1.5
c. Garmenting: 1:3.5
d. Overall Average: 1:1.5 - 2.0

Annexure 14: Reasons for Park Cancelation and Application for Cancelation

S. No.	Park Name	Location	Reason
A. Cancelled Parks			

1	Hyderabad Hi-Tech Weaving Park	AP	Management issues and dissension amongst the members
2	Shri Dhairyashil Mane Textile Park	Maharashtra	Inability of members to bring in equity, difference amongst members
3	Edison Integrated Textile Park	Tripura	Non Availability of Land
4	Shri Lakshmi Cotsyn	UP	Delay in Land Conversion (park has been approved later on)
5	Mewar Integrated Textile Park	Rajasthan	The proposed land was disputed; a case was registered in court for not permitting industrial activity on the land
6	Rajasthan Integrated Apparel City	Rajasthan	Delay in obtaining land clearances
7	Kagal Industrial Textile Technology	Maharashtra	Member left due to delay in sanctioning of park
8	Birla Integrated Textile Park	Maharashtra	Member left due to delay in sanctioning of park
9	Lepakshi Integrated Textile Park	Maharashtra	Delay in obtaining land clearances
10	Bharat Fabtex & Corp Park	Rajasthan	Delay in Land Conversion
11	Vaigai Hi-Tech Weaving Park	Tamil Nadu	Delay in obtaining land clearances
B. Parks that have applied for cancellation			
1	Avantika Textile Parks Ltd	Telangana	SPV members not willing to invest because of uncertain market conditions
2	JVL Textile Park Pvt.Ltd	Bihar	SPV members not willing to invest because of uncertain market conditions
3	Khed Textile Park (KTP)	Maharashtra	Member left due to delay in sanctioning of park
4	Madhav Industrial Park Ltd.	Gujarat	SPV members not willing to invest because of uncertain market conditions
5	Progressive Integrated Textile Park Pvt. Ltd.	Punjab	SPV members not willing to invest because of uncertain market conditions
6	Rangaraya Textile Park Pvt. Ltd.,	AP	SPV members not willing to invest because of uncertain market conditions
7	Sunderrao Solanke Co-operative Textile Park-Creative Group	Maharashtra	Member left due to delay in sanctioning of loans and changes in TUF Scheme
8	S.L.S. Textiles Park	Tamil Nadu	Member left due to delay in sanctioning of park

Annexure 15: Norms for free area and building ratios in some states:

1. Gujarat[39]

No.	Use Zone	Maximum permissible builtup area.	Maximum permissible FSI	Remarks
01	a) Resi. Zone I	As per Regulation No. 12.4.1(ii)	1.8	
	b) Resi. Zone (II)	As per Regulation No. 12.4.1(ii)	1.2	G.floor plus two upper floors/10 mt. ht. whichever is less
	c) Resi. Zone (III)	15%	0.30	G.floor plus two upper floors or 7 mt. ht. whichever is less
02	Natural Growth of village	As per Regulation No. 12.4.1(ii)	1.2	G.floor plus two upper floors or 10 mt. ht. whichever is less
03	Comm.Zone I & Comm.Zone II	45%(Low-rise building) 30% (high-rise building)	1.8	
04	Industrial	50%	1.0	
05	Stars hotels on 18 mts and above road	45%(Low-rise building) 30% (high-rise building)	2.25 2.25	

2. Haryana[40]

a. Maximum Permissible Coverage on ground: 60% of area of the site

b. Maximum permissible floor area ratio: 125%

c. Maximum height of the industrial building: 21 meters

3. Maharashtra[41]

No.	Type of Activity	Size of Plot	F.A.R. permissible (Maximum)	Maximum Permissible Ground Coverage
1	Residential	Upto 4 Ha.	1.0	0.33

[39] Source: http://www.gicl.in/encyclopedia/f.html#FloorSpace
[40] Source: https://www.huda.gov.in/Pages/BuildingRegulations.aspx
[41] Source: http://pvai.org/midc_rules_4.php

2	Residential	More than 4 Ha.	0.9	0.33
3	For general engineering, electronics, non-chemical industries and commercial	Upto 4 Ha.	1.0	0.5
4	For general engineering, electronics, non-chemical industries and commercial	More than 4 Ha.	0.9	0.4
5	For chemical industries	Upto 4 Ha.	0.8**	0.4**
6	For chemical industries	More than 4 Ha.	0.7**	0.35**

4. Telangana[42]

Size of plot		Plot area Sqm.	Max. Sqm. Cov.
A.	Non-Polluting Industrial Buildings (min 450 sqm.)	Upto 1000	50%
		Above 1000 and upto 5000	40%
		Above 5000 and upto 15000	35%
		Above 15000	35%
B	Flatted or Guild type of factory	1000	40%

5. West Bengal[43]

a. Ground coverage in respect of building:

No.	Type of building	Maximum permissible ground coverage
1.	Residential and educational : • Plot size up to 200 sq. metres • Plot size above 500 sq. metres	 65% 50% or 130 sq. metres whichever is more
2.	Other uses including mixed use	40%

b. Maximum Permissible Floor Area Ratio

No.	Width of means of access (Meters)	Use groups of buildings			
		Residential Buildings	Educational Buildings	Industrial, Storage and Hazardous Buildings	Assembly, Institutional business, Mercantile (incl. mixed use) Buildings
1.	Below 2.4	NIL	NIL	NIL	NIL
2.	Above 2.4 to 3.5	1.25	NIL	NIL	NIL
3.	Above 3.5 to 7.0	1.75	NIL	NIL	NIL
4.	Above 7.0 to 9.0	2.00	2.00	NIL	NIL

[42] Source: http://www.hmda.gov.in/huda/inside/cda06.aspx
[43] Source: http://hda.gov.in/content.php?ids=51&parent_id=13&menu=Y&nav=Y & https://www.kmcgov.in/KMCPortal/jsp/KMCPortalBuildingFloorAreaRatio.jsp

5.	Above 9.0 to 15.0	2.25	2.25	2.00	2.00
6.	Above 15.0 to 20.0	2.50	2.50	2.00	2.25
7.	Above 20.0 to 24.0	2.75	2.75	2.00	2.50
8.	Above 24.0	3.00	3.00	2.00	2.75

Annexure 16: Master Datasheet